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ABSTRACT

This is a report of a field hearing held in Brattleboro, Vermont, on November 2, 1981, to provide the Subcommittee on Employment Opportunities of the Committee on Education and Labor, House of Representatives, with information regarding Comprehensive Employment and Training Act (CETA) reauthorization. The report includes testimony and prepared statements, letters, supplemental materials, etc., from over 60 individuals representing the National Alliance of Business; Governor's Special Grants Office, Rhode Island; Office of Policy and Management, Hartford, Connecticut; Northlands Job Corps, Vergennes, Vermont; Hartford CETA Administration; Southeastern Vermont Community Action; Massachusetts Division of Employment Security; New England Institute for Human Resource Planning; Massachusetts Balance of State CETA Prime Sponsor; Department of Development and Community Affairs, Vermont; Cumberland County (Maine) CETA; New England Farm Workers; State of Vermont Comprehensive Employment and Training Office; Connecticut AFL-CIO; Economic Development Council of Northern Vermont, Inc.; Committee for Economic Development, Washington, D.C.; Bunker Hill Community College, Massachusetts; Penobscot Consortium, Maine; and Vermont Department of Employment and Training. (YLB)

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ED219605

# OVERSIGHT ON CETA REAUTHORIZATION

# HEARING

BEFORE THE

SUBCOMMITTEE ON
EMPLOYMENT OPPORTUNITIES
OF THE
COMMITTEE ON EDUCATION AND LABOR
HOUSE OF REPRESENTATIVES
NINETY-SEVENTH CONGRESS
FIRST SESSION

HEARING HELD IN BRATTLEBORO, VT., ON
NOVEMBER 2, 1981

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# OVERSIGHT ON CETA REAUTHORIZATION

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MONDAY, NOVEMBER 2, 1981

House of Representatives,
Subcommittee on Employment Opportunities,
Committee on Education and Labor,
*Brattleboro, Vt.*

The subcommittee met, pursuant to call, at 9:15 a.m., in the Holiday Inn, Route 5, North Putney Road, Brattleboro, Vt., Hon. Augustus F. Hawkins (chairman of the Subcommittee on Employment Opportunities) presiding.

Members present: Representatives Hawkins, Weiss, Jeffords, and DeNardis.

Staff present: Susan Grayson, staff director, Subcommittee on Employment Opportunities; Carole Schanzer, deputy staff director; Clark Rechtin, associate counsel, Committee on Education and Labor; and Beth Buehlmann, minority legislative associate.

Mr. **Hawkins**. The Subcommittee on Employment Opportunities of the House Committee on Education and Labor is called to order.

As the chairman of the subcommittee my role is a very simple one today, and a very pleasant one. This is a continuation of the hearings on employment and training program ideas. I want to emphasize the word ideas since the subcommittee is starting at zero in determining the direction that the manpower programs and policy of the Federal Government should take, and for that purpose, this is the first of a series of regional hearings.

My simple role is to turn the gavel over to Congressman Jim Jeffords of Vermont today, and in doing so let me express the appreciation of the Chair and of the full committee for the contribution that Mr. Jeffords has made in this particular field. I think that it is safe to say that without his untiring efforts and dedication, we would never have had a youth employment bill which, in a sense, constitutes a base upon which we can build. The Chair is particularly pleased that we have been invited to Vermont today to commence these regional hearings.

With that, let me kindly turn the gavel over to you, Mr. Jeffords, and express to you the appreciation for the courtesies that you and your staff have shown to us during our brief stay in the State of Vermont.

Mr. **Jeffords** [presiding]. Thank you very much, Mr. Chairman. I want to certainly welcome you to the State, along with Congressman Weiss from New York City, who has also been a very active member of this subcommittee. Congressman DeNardis should be here shortly. He is driving from New Haven, Conn., and I have a feeling that with the New England fog along the river that the chances are he will be somewhat late. I expect he probably will not be here until around 10 o'clock.

I want to first of all say that I do not think we have ever had, at least when Mr. DeNardis arrives, as large a contingent of Members of Congress at a field hearing as we are going to have here today.

Congressman Hawkins has been the leader in Congress for a number of years on employment and training programs, and many of the successful ones which were embodied in the CETA program are those of Mr. Hawkins, during the period of time which he has been chairman of the subcommittee. I want to publicly express my appreciation not only for the work that he has done in this area but for the tremendous cooperation I have had as his ranking Republican in being able to work together and come up with constructive ideas.

The Congress faces an extremely important challenge over the next year—that of reauthorizing CETA. We must learn from our past errors, expand our successes, and go beyond what has already been accomplished as we define the goal of a Federal training program. Over the years many varying goals and priorities for the CETA program have been established as different needs surfaced. In this process though, the general direction and purpose of CETA has been blurred.

There are many issues that have to be discussed as Federal training legislation is examined. What are the roles of the various levels of government—Federal, State, and local, with respect to the provision of employment training and specific skills training? Should there be a block grant to the States for training purposes, or does this create an additional level of administration which will draw upon limited funding resources? What is the role of the private sector? Should the legislation provide for a separate youth training title? How can coordination of services, resources, and administration be achieved among programs such as the employment services, vocational education, WIN, and other adult and youth training programs? What is the function of training programs in the overall economic development of an area, and is this a Federal concern?

These represent only a few of the questions that members of this committee must resolve. I believe that if the Congress does not accept the challenge of defining the Federal Government's role and of establishing an overall goal for Federal training programs, the opportunity to develop a comprehensive approach will be lost for at least the remainder of this decade.

I expect that the testimony we will hear today will focus on many of the issues that we are trying to address. I look forward to what each of you has to say and to a productive exchange of ideas.

I want to thank all of the witnesses for joining us here today. We have a large number of witnesses, nearly 30 witnesses. After the opening statement, we will hear testimony from seven panels. We will listen to each of the individuals on the panel and then open the discussion to questions. The hope is that we will be able to move along as expeditiously as possible. Some of the members have other commitments and will have to leave at some time this afternoon, so I want to have as many of the witnesses complete their testimony by mid-afternoon if possible. I am certainly willing, though, to stay here into the evening if necessary.

With that, Ted, did you have anything you would like to say?

Mr. WEISS. Thank you very much, Jim. Simply to add my word of appreciation to you for asking that these hearings be convened, and to underscore their importance. Very often we get the impression that a lot of people think that the only areas that have employment and training problems are the large urban areas, and that only the minority sector of our population has that problem. By holding these hearings, I think we are demonstrating that in fact it is a broad national problem affecting all sectors of our society. Thank you.

Mr. JEFFORDS. Thank you very much.

Mr. JEFFORDS. Our first witness is Mr. Nat Semple, vice president and director of governmental affairs, Committee for Economic Development, Washington, D.C. Nat has also been with the subcommittee and has made his own tremendous contribution to this particular area.

Nat, go ahead.

## STATEMENT OF NATHANIEL M. SEMPLE, VICE PRESIDENT AND DIRECTOR OF GOVERNMENTAL AFFAIRS, COMMITTEE FOR ECONOMIC DEVELOPMENT, WASHINGTON, D.C.

Mr. SEMPLE. Thank you. Good morning, Mr. Chairman and members of the committee. My name is Nat Semple. And for th court reporter's information, that is spelled with an "e" and not an "i." People usually spell it with an ı," and I hope that that does not change today.

I am delighted to be here in Vermont. When I woke up this morning I admit I could not see much of it. I could not tell whether that was Vermont or me. I am assured, however, that it was Vermont, and I will see some of it before I leave this afternoon.

I have been told I have 10 minutes, and I could spend all 10 minutes saying how wonderful an experience I had working with the members of this committee during my stay on the Hill. I could say that despite the many times I tried to think of sneaky ways to undermine the chairman's proposals, that he was still courteous and kind to me; the many times that Congressman Jeffords had to suffer my strange wit while searching out the problems of youth unemployment across the country; and the fact that Congressman Weiss even allowed me to come to New York despite what that might do to the city's financial problem. I could go on for the whole testimony praising the work of the committee, and I suspect, however, I will not have time to do that, although it certainly would be easy.

Let me say quickly that I am speaking for myself.

Now CED is a business policy forum that involves 200 trustees, and Frank Lindsay has already testified on CED's views, which I have attached, and would ask that it be included in the record.

[The prepared statement of Franklin Lindsay follows:]

## Prepared Statement of Franklin A. Lindsay, Chairman, Research and Policy Committee, Committee for Economic Development and Chairman, Executive Committee, Itek Corp. Before the Subcommittee on Employment and Productivity, Committee on Labor and Human Resources, U.S. Senate, June 15, 1981

Mr. Chairman, my name is Franklin A. Lindsay, I am Chairman of the Excutive Committee of Itek Corporation, and have also served as Chairman of the Corporation for Public/Private Ventures. Today I represent the Committee for Economic Development, whose Research and Policy Committee I chair. CED is a private, nonprofit, research and education organization which enjoys the active participation and support of 200 trustees, most of who are top corporate or university officers. We work to devise solutions to what we believe are the most serious problems facing the nation and the economy.

Over the past several year, CED has become increasingly concerned over the gradual liquidation of the capital stock of the country, the leveling off in productivity, continued high levels of unemployment, sustained inflation, and the increasing inability of a significant number of American businesses to compete internationally. It is within this context that CED has recently approached several policy areas. CED has recommended new ways to stimulate technological progress; encourage capital formation; reform government regulation; and most recently provide for a sound retirement system. We are now undertaking similar studies on energy pricing policy, productivity, industrial strategy, and urban revitalization.

A common theme that runs throughout our investigations is the need to renew continually our national resources—not only our capital plant and equipment—our knowledge base through research and development, our energy resources, and most importantly, our human resources. We believe this must take a balanced approach, for without the necessary human resources, any gain we might accomplish in the area of developing new technology, or building new industrial capacity, would be negated. In other words, a skilled, willing and ready labor force is a prerequisite to the success of our other policy recommendations, and this concern is a major focus in our current work on productivity and in developing an industrial strategy.

CED has taken a long and active interest in all aspects of employment, training, and labor market policy. The very first paper CED commissioned in 1946 entitled, Jobs and Markets, was an effort to assist in the transition from a war to a peacetime economy. In 1970, CED released a statement entitled, Training and Jobs for the Urban Poor, and in 1978 we called for a major change in the direction of Federal employment and training policy in our statement, Jobs for the Hard-to-Employ: New Directions for a Public/Private Partnership, which helped lay the groundwork for the emerging system of private industry councils.

I am pleased, therefore, to have the opportunity to testify before this Committee today in the issue of future employment and training policy in this country. While we have not formally commented on the subject since 1978, when we released Jobs for the Hard-to-Employ, I believe many of my thoughts have either been expressed in this or other policy statements, or are shared by my colleagues. I might add that I am particularly pleased to be sitting here with my good friend from TRW who is representing the Business Roundtable.

Mr. Chairman, in general, I believe there will continue to be an important Federal role in employment and training policy. There will always remain in society individuals, such as drop-out unemployed youth, who have not been reached by either industry or our traditional system of education, and who represent a tremendous loss in productive human capital. The mission for Federal policy I believe is not only to "serve" such individuals but to direct their education and training toward growth occupations—not declining ones.

We are all familiar with the historical trends in the conventional breakdown of occupations among agriculture, manufacturing and service employment. However, if we separate service employment into the conventional service components and those in the information occupations, a significant pattern develops. Conventional service jobs have declined continuously since 1900 to today where they represent less than 10 percent of total employment. On the other hand, information related employment (such as computer programmers, teachers and accountants) has steadily increased from less than 15 percent in 1940 to an astounding 45 percent of total employment. Today it is at least equal to all manufacturing employment and is still growing while the manufacturing share has peaked and is declining. Information employment may be more than 50 percent of all U.S. employment in but a few years. The point of citing these statistics is to call attention to the need to develop Federal policy that is flexible enough to adapt to the dynamics of the labor market.

In your current deliberations regarding the future design of employment and training policy, I believe it is critical to simplify and reduce the overlap in existing institutions as much as possible; that you include those which have been successful and eliminate those that do not measure up, and that you spell out clear lines of authority and purpose for each part of your policy.

But in your consideration of the role for private involvement I have some definite concerns. American business represents a tremendous opportunity, not only because it is the source of most of the nation's current and future employment, but because it represents the greatest training resource we have available. The fact is, while CETA may have spent more than $40 billion on employment and training, industry spends at least this much each and every year. American Telephone and Telegraph spends $700 million on in-house training alone. But if Federal policy is to take advantage of this vast resource there needs to be a better understanding of the nature of this training and how best to encourage business to open this resource to the less employable.

Traditionally there have been generally two ways of going about involving business. The first has been to involve business through specific contracts and subsidies, such as on-the-job training. The other is indirect, through tax incentives, such as the Targetted Jobs Tax Credit.

Both of these two approaches have been part of a heritage of business involvement in developing programs for the hard-to-employ. The National Alliance of Business has been one of the more effective actors involved, as have some of the new PICs. Yet such involvement has, for the most part been ad hoc, and while some of these are successful efforts, overall quality has been uneven. I believe the prime reason for this unevenness has been the lack of a set of guiding principles on what it takes to involve business actively. The Congress now has a unique opportunity to infuse such guidelines into the future employment and training policy which you may wish to develop. We all recognize that CETA is in trouble and under fire. And I think we all recognize that some changes need to be made.

In other words, in this area at CED we find that American business—both large and small—is very willing to do its part to bring jobs and training to the hard-to-employ. Several years ago we published a volume of case studies outlining what over 80 companies and private sector organizations are doing in this area. These cases are representative of the enormous potential for private involvement in training and jobs.

Here are what I believe to be key principles that must be fulfilled if we are to ensure business involvement.

There must be absolutely clear understanding by all parties concerned—government, business, labor and community groups—that any effective effort to address the problem of private structural unemployment will in fact be led by the local business community. I strongly urge that business be given real responsibility for carrying out meaningful tasks that they will not be constrained by excessively detailed government reviews and approvals. Unless business people are given a real job to do, they will simply not be interested in devoting time and effort.

CED has proposed specific ways in which these prescriptions can be translated into action.

Local intermediate organizations with business leadership, can make a unique contribution to getting at various specific problems associated with hiring the hard-to-employ. This includes job placements, red tape connected with Federally supported on-the-job training, preemployment training and job readiness activities, counselling and other back-up services for the hard-to-employ.

There must be sufficient flexibility in the government program to allow a wide variety of organizational arrangements from city to city, adapted to the special needs of each locality. One conclusion that clearly emerged from our study on the Jobs for the Hard-to-Employ and our current work on public-private partnerships in revitalizing our nation's cities is that there is no single solution which is appropriate for every city or area in the country.

Business can only be effective if it is freed from highly detailed, before-the-fact, approvals by the Department of Labor.

A major and sustained personal involvement of the top business leadership—both nationally and locally—is critical to successful business involvement. CED studies clearly show that the successful cases of public-private cooperation tend to be in those cities where the top business executives are strongly committed to these programs.

There should be a major emphasis on involving small business firms, as well as large ones. It is in small businesses—many of which are in the growing parts of the service sector—where training and job opportunities for the hard-to-employ are often particularly promising.

Any policy must allow for the fundamental fact that the bottom line for business is net return, especially over the long run. Jobs programs should be designed as much as possible, to benefit business as well as the hard-to-employ.

There is a need for continuing effort to spread the story of successful cases of private sector involvement in programs to further training and jobs for the hard-to-employ. Business executives need to know that many programs in this area already do work successfully.

A very intensive and continuous process of education will be necessary to make these concepts fully understood and accepted. This requires support from Congress, the Administration, the Department of Labor and other officials.

I believe that there are some very necessary institutional requirements and I would urge the Committee to judge the current PIC operation by these standards as well. It is now time to develop a realistic charter for private intermediary groups that clearly spells out the degree of delegated responsibility to be given to these groups to develop programs and to make major operating decisions. The manner in which they will account for public funds they expend should also be spelled out. This charter should not be limited to broad principles. It must include specific operating relationships without resulting in more red tape. For example, present Labor Department regulations and procedures should be simplified and approvals speeded up. Relations between Washington, its regional offices, and the prime sponsors should similarly be examined for clarity and effectiveness.

Such intermediary organizations must be made operational rather than merely advisory: This means that business should be allowed to organize nonprofit organizations that can make direct contracts for OJT, etc.; while some of this has occurred under the Private Sector Initiative Program, it should be further encouraged.

Such an institution cannot be mandated but must grow out of local private initiatives. Government in turn must provide incentives for such initiatives.

Business must work through private intermediary organizations that have independent staff and clear control over the funds paid to such staff, or at least to the staff director. Ideally, in my view, this would mean that the budget for staff salaries should be fully financed either by the business firms themselves or from other private sources, such as foundations.

With respect to PSIP, I urge the Committee to judge whether their local arrangements, which I believe have tremendous potential, are operating along the lines I have outlined above—and to do whatever is necessary to enable PICs to be organized by local leadership and to work as independent entities, both operatively and programatically—with primary business involvement.

Whatever direction the Committee chooses to take, I urge you not to expect too much in the short-term from business on improving employment of the hard-to-employ. There is a great risk of seeing business as the salvation of the current move to reduce spending on social programs and as a means to take up all the "slack" without fully appreciating how difficult and complicated a task it is. While I believe that business can and will take on a much greater role, unrealistic expectations would undermine the success of future public-private partnership.

In conclusion, the best prescription to reducing unemployment and sustaining economic growth is (1) continuing growth in capital for investment in new plant and equipment, (2) rapidly increasing technology, and (3) continuing renewal of the skills and education of the current and future labor force. In my view, this must take a balanced approach, and to date too little attention has been paid to the human element. In this respect the Committee has a real opportunity to provide new leadership.

Mr. SEMPLE. What I would like to do is to give you briefly 10 years of frustration. Fortunately I think I can do it in 10 minutes. It is a sense of what I think needs to be done if CETA is to become a truly meaningful part of revised economic strategy and effort to improve the Nation's productivity and economic growth. I used to work in room 1040 Longworth, and it was a windowless office. Occasionally the lights would go out, usually when the Xerox machine would go on. We were Republicans, and there were those of us who had a conspiracy point of view and thought that Tip O'Neill had a button that he used to push and leave us in the dark.

We felt very isolated then, and I always thought this was true for CETA. I thought it was isolated from the micro- and macroeconomic mainstream of the country, and it had never been accepted as an integral part of policy designed to improve the Nation's economic growth, and at the same time structured to improve those who had not entered the economic mainstream. I think this hearing today presents an insurmountable opportunity to make the policy truly relevant.

I feel that you have a number of jobs before you. The first and most difficult task is to leave the past. There are so many who have a stake in the current system that are going to be under a lot of pressure, of course, to maintain it pretty much as it is. This will be a tough job, and I certainly understand. I am lucky enough not to be in that position now.

If you can do that and even though you may have to engage in what I discern to be a short-term salvage operation, your second difficulty is deciding exactly what the future problem may be, and while the demographics are there I suspect that there is some disagreement as to what it means.

Now, I have included in my testimony some specifics on this matter, but they are extremely difficult to understand and go through. You are looking at long-term impact, 5, 10 years from now, and a thorough understanding of the kind of things we can see in terms of labor market changes that I feel must be studied carefully before you really design a policy.

Now, as I said, the demographics seem fairly clear. There is some feeling that there is going to be an oversupply of educated workers. I do not agree with that. But what I see happening is a mismatch between skilled labor and the undereducated, in an economy that is going to demand both new skills and a recoupment of those who have failed to gain the kind of productive education and knowledge that will be useful.

If my trustees, and I must admit that I have had some meetings with them recently, are any measure, they are extremely concerned over the inability of the Nation's labor market to achieve a skilled labor market that really can fill their entry-level void. They are finding today, and it is very distressing, that whereas 10 years ago they could go out and out of 10 candidates find someone who could fill a job, they now have to go to 100. And this has tremendous implications in terms of education and our ability to produce the skilled work force that is so critically needed for a changing economic base.

I think there are four areas where the policy will have an impact. One is the dislocated worker area. I will give you some details there. I am not talking about trade adjustment assistance. I am talking about a real dislocated worker program. There is going to be dislocated worker problems as industry changes.

There is a second area and that is what I call the higher technology, higher productivity areas. This is an area where this committee does not have jurisdiction. This is a problem primarily of higher education, but one where I think this committee should make a statement.

The third area is what I feel is the lower entry level area, and this is another education problem but one, once again, someone has to point out the critical link between education and labor market skill training and the work force. This happened in the youth bill more so than any other legislation that I ever experienced, and I think this is the approach that you should consider again.

While one could say it is a little politically out of tune, I am saying look at it long term. As you all know, environments can change, and I think if you initiate what I feel to be the proper thinking now, when the environment changes you will be in the driver's seat to make major economic change through employment training policy.

The fourth and final area is what I call the labor market failure, the no-fault failure, single welfare parents, and I think that this is primarily the responsibility of government, but I have some very strong feelings about the fact that up until now we have continued to isolate even this approach from the economic mainstream.

One of the things that I find particularly distressing is that people who come out of CETA many times find themselves labeled, and as a result have difficulty in finding jobs. I think that if you can somehow place individuals or CETA clients or whatever system you call it on equal footing, you are going to have a dramatically improved chance that they will find jobs. I know that just from my private discussions with employers that anyone who comes with a Government subsidy is suspect to a certain extent. They feel there is something wrong and as a result they have to almost be convinced twice that this person is worth bringing on. I think any policy has to find some way either through job search or some other capacity that neutralizes what I call the Government effect.

Now, in terms of institutions, how does this look? What I am going to say is not going to be very popular in this room, and I hope there is some way to get out of here. I think that the CETA system has to change, and I think you have to call it something else. That is purely a personal feeling, that once you get labeled it is hard to change.

I also think that the responsibility has to be shifted away from local elected officials, although I hasten to add this, and let me clarify myself: I think there has to be public accountability, and I think local elected officials have to be involved. My point is you have to spread the obligation. Up until now CETA has been 100 percent federally financed. The obligation has been at the Federal level. So as a result it is easy come, easy go. The obligation, and I am talking about the ultimate obligation, has to be shifted to other actors in the community, and as a result what I would urge is that if you do revise your institution that all actors in the community have a sense of obligation.

Now, what we did in the youth bill, and we were not altogether successful, because we ran into the same political problems which I am sure you are going to run into, was attempt to have all the key institutions in the community cough up something in hard money. I would urge that private industry also contribute hard dollars to any revised system so that each group had a stake in what was coming out. We also had a device where, let us say the school system and at that time the local prime sponsor and the business community each contributed a dollar, and there was a match from the Federal level which doubled their impact as well as contributing a substantial amount of money for local employment training efforts. What happens in that process is that I think more individuals in the community take an active participation in following where that dollar goes. It is a very tricky kind of device. It is not too dissimilar from the matching grants they do in the endowments, which has a tremendous effect in local leverage in terms of community participation. It is difficult from this perspective because you have so many different institutions you have to work through. But I feel with limited dollars it is certainly something you can look at.

Now, how does this look in legislation? As I say, my testimony is approximately 300 pages and involves 6 committees and 12 subcommittees, and you might all have a conniption fit, but I think you have to establish what you do in a broad context, otherwise it will get lost again through the cracks. It will become isolated.

If you just take the opportunity to do what you would want in the best of all worlds, whether you run across the Ways and Means Committee turf or chairman's turf on vocational education, you say what you really think ought to be a comprehensive approach. Now what you are doing in that process is fitting the specific approach and even your short-term salvage operation into a part of an overall framework that will then give it the added meaning addressing it to the needs of the economy and to the Nation's future productivity needs. Because, until I have talked to a CEO and relate this policy to the company's productivity problem and to their desires to remain competitive, I will get a blank look. But as soon as I make that link the eyes light up and suddenly there is an awareness that I have never seen before.

We have had three meetings on industrial strategy and productivity where the issue has come up spontaneously among the trustees. They recognize a very real problem and although they have no way of putting their finger on it, they have never taken a survey and they sense that the future to the Americans' industrial competitiveness and the ability of the society to provide for the welfare of its citizens is its human capital. In my view, if you can talk about a revision of the employment and training policies in this life, your long-term chances of having a sustainable employment and training policy are much greater and I think would fall much less prey to the whims of budget changes than what we are seeing now.

Underscoring all of these concepts I believe are the following. The policy should shift the obligation more broadly. It should be structured to be really geared toward the institutions that are going to be involved, and each element should be related in terms of restoring American competitiveness. Obviously this is a big job, and of course I would be naturally happy to help in any way that I can, but I think you should try it. Even though you may get attacked here and run into some flak there, the fact that you have done it I think represents a major departure from the past.

Perhaps your first problem will be to forestall imminent disaster. I have not been privy to the latest conversation, but I would urge that if you do involve the private sector I think that is the salvation in the short term. Frank Lindsay's testimony contains some ideas in this respect, and I do agree with him on his conclusions.

In short, I think that the time has come to—I was at a meeting the other day of CETA experts and I always thought I was a CETA expert and we sat around thinking whether you should have this kind of council or that kind of council, and I felt I was on the deck of the *Titanic* as a member of the crew trying to figure out how best to improve the ship's watertight capability while it was sinking beneath the waves. I personally believe that what we need to do is reconstruct the ship. Perhaps you need a lifeboat, but if you can do this I see an end to the days when one stays in a windowless dark room in the Longworth House Office Building wondering where everyone is.

Thank you.

[The prepared statement of Nathaniel Semple follows:]

## PREPARED STATEMENT OF NATHANIEL M. SEMPLE, VICE PRESIDENT AND SECRETARY, RESEARCH AND POLICY COMMITTEE, COMMITTEE FOR ECONOMIC DEVELOPMENT

Good morning, Mr. Chairman, and distinguished members of the Committee. My name is Nathaniel Semple. I am delighted to be here to share with you my observations as a former staff member of the House Committee on Education and Labor and currently as Vice President and Secretary of the Research and Policy Committee of the Committee for Economic Development. CED is a business policy forum involving 200 of the nation's leaders in industry and education. As you may know, Franklin Lindsay, former Chairman of Itek Corporation and Chairman of our Research and Policy Committee, testified earlier before Senator Quayle on CED's and his views on the subject of the future of a comprehensive employment and training act and related policies. For your information I have brought a few copies of the statement for the members of the Committee who have not seen it and ask that it be including along with this statement in the record.

This Committee has a golden opportunity—perhaps as Pogo once stated, "an insurmountable opportunity"—at last to make employment and training policy relevant to the modern American economic mainstream. You have an opportunity to take CETA out of its isolation and to relate its policy objectives to a variety of growing, important social and economic concerns.

In my view, to make this happen, the Committee needs to strive to incorporate any revisions of CETA into an overall industrial strategy that has as its goal the improvement of American productivity and the enhancement of a better qualified and skilled labor market. This will not be an easy job and involves four major hurdles.

The first and perhaps most difficult task is to leave the past. This will be a painful exercise. Every interest group that sees any hope of salvaging its existence will be banging on your door. And if my experience tells me correctly they will never believe you when you say that the end is near. Instead they will fight hard to grab what little is left. Should you let this happen you will recreate a measure that is a poor compromise based on premises that have not succeeded. This would be the worst kind of rear-view tunnel vision. If you are forced into this position then look at it as a salvage operation, but don't let it prevent you from looking long-term.

The second difficulty you will encounter is that once you decide to take on a new perspective you must discern what problem it is you are trying to solve. Unfortunately, although there is general agreement on the demographics, there is very little agreement on what they mean for society. Most economists agree that the 1980s and 1990s will see a move from a labor surplus to a labor shortage—and that the youth unemployment problem will virtually disappear. According to one set of projections, labor force growth may decline from the current 2.2 percent per annum to as little as nine-tenths of 1 percent per annum. Even assuming a moderate economic growth, unemployment could fall to 4.5 percent or below by 1990. These changes will have a profound effect on society, but various observers disagree on what this effect might be. Some believe, as does Peter Drucker, Clarke Professor of Social Science at the Claremont Graduate School, that what we face is not a skill shortage but an over supply of over educated workers and that what we need will be policies to insure a comparable number of "knowledge jobs." Drucker contends that there will be almost no available supply of labor for semi-skilled industrial jobs.

On the other hand, there are those who say that the jobs will be there is large numbers, but that there will not be enough "skilled" members of the labor force to fill them. A great many feel that our current education system is failing to produce quality workers at any level.

The ultimate effect of the demographics could have a significant impact on macro policies, for if one assumes a labor surplus, as does Mr. Drucker, that would have minimum impact on wages. If there is a critical skill shortage, however, then it could have a significant inflationary effect.

In my view the problem is actually a combination of both schools of thought plus a slight twist. We will see a drying up of the available supply of industrial labor, particularly among younger workers, and in the older, heavy industries. Industry will continue to be forced to move to robotics. I do not agree with Mr. Drucker's notion that we have an "over educated" population. Perhaps "over educated" in the sense that we will have a good number of college graduates (and with the cost of higher education being what it is, this may also change), but we will not have been directing our education at any level to produce the quality of graduates needed to rejuvenate and streamline the American economic machine.

If our trustees are any measure, there appears to be a growing disenchantment by the nation's industry leaders over the quality of the entry level employee that they now are forced to hire. In the past they were able to find the quality they needed among a few applicants; now they must search among hundreds to achieve the same result. I believe an upgrading of our educational efforts is the first area of a four-pronged approach where comprehensive employment and training policy can make a clear impact. I believe it is critical to improve the nation's productivity, both within firms through upgrading and professional career education and outside firms by providing for a better prepared entrant into the labor market at all levels, but particularly among the higher technology jobs.

However one comes out in the debate over the demographics, we will be faced with one problem we cannot avoid—"dislocated workers"—mostly middle-aged and in need of entry level jobs where they can learn new skills.

Addressing the dislocated worker problem is the second policy area that employment and training legislation can undertake. I am not advocating a rehash of the Trade Adjustment Assistance Act, which in my view was a consummate failure; I am advocating a relocation policy that contains strong incentives to the private sector to participate both in the job information exchange and in agreeing to pay for and relocate dislocated workers into their firms. This kind of approach is totally lacking from Trade Adjustment Assistance, which has become nothing more than glorified unemployment insurance.

The third area where there is a clear policy opportunity is what I call "job readiness" for the lower level entry positions. Except for the highly technical areas such as engineering, medicine and architecture, most skill training is done on the job. This is particularly true in the information and related service industries which have been growing dramatically in the past several years. Let's look at the statistics, if we separate service employment into the conventional service components and those in the information occupations, a significant pattern has developed. Conventional service jobs have declined continuously since 1900 to today where they represent less than 10 percent of total employment. On the other hand, information related employment (such as computer programmers, teachers and accountants) has steadily increased from less than 15 percent in 1940 to an astounding 45 percent of total employment. Today it is at least equal to all manufacturing employment and is still growing while the manufacturing share has peaked and is declining. Information employment may be more than 50 percent of all U.S. employment in but a few years.

In many instances, however, these new jobs are being filled by individuals who are in need of remedial and even basic education. A recent survey by the Conference Board reveals that 37 percent of firms are now having to engage in remedial training for their entry level employees. In my view this represents a considerable waste of private sector resources and has a very negative effect on productivity. It is reflective of a failing education system. What is needed is a tie-up between the nation's schools and business and labor market. While this is not specifically and area where this Committee has jurisdiction it certainly is an area where this Committee can express its opinion and must if it is to fit its part into a logical whole, and I believe, needs to be expressed in legislation.

The fourth and final area where employent and training policy can have an impact is the labor market failure. Many of these are no-fault failures: single welfare parents, absent spouse, the severely handicapped, and those with limited English speaking abilities, just to name a few groups. In many ways this has to be primarily a function of government, but I believe it must be done in a way that does not isolate the recipients of services from the mainstream. Too often in the past, CETA clients who have successfully completed a remedial program have entered job search as a CETA client, which is a clear announcement to the perspective employer that this person has problems. In more than one conversation I've had with employers, they admit that the simple fact that an individual graduates from a CETA program is a strike against him. Employers look for individuals "who can do the job." They are suspicious of individuals who come to a job with a government subsidy. In my view, the critical point of departure is the first job interview. As some of the job search experiments have shown, "washing" the CETA client of the government subsidy places that client on an equal footing with any other capable entrant into the labor market. The result in obtaining jobs is better.

In sum, any approach to those who are failing in the labor market requires (1) a comprehensive, service oriented approach involving a heavy dose of counseling, (2) a release into the labor market only when ready, (3) substantial job search assistance, and (4) the ending of labeling. Now it may appear that these are pretty much what CETA was already set up to do. In some ways this was true, but because CETA also tried to accomplish everything else, these particular policies never had the kind of institutional arrangements needed to make them work. We do not need new pieces of the puzzle, we just need to fit them into place.

What, then, would this look like institutionally? Not altogether different from what we see now. It may appear after my discussion that what we have done is merely to restate what already is in the CETA legislation. In some ways this is true, but we have never succeeded institutionally in carrying out the goals of the program. In my view, what we need is to use existing institutions with some changes, which I will describe below, but in a dramatically new fashion and with dramatic incentives to bring these institutions into close cooperative arrangements. A review of last Session's youth legislation in the House is the kind of approach I am discussing, although personally I would go further. For example, while the 22 percent set aside had been somewhat successful in bringing CETA and the education establishments together, these are a minimum and have not done nearly enough.

Rather than go into great detail on the institutional arrangements let me briefly summarize my thoughts on this matter. First, I do not believe CETA prime sponsor system should be continued in its current status. As so many of us know, the name, CETA, alone will undermine any effort to restore the credibility the program needs to function effectively at the local level. Accordingly, in addition to changing the name, I would transfer the responsibility for operation away from local elected officials, although I believe they must have a critical working relationship with any new institutional arrangement. There are numerous ideas floating around on just how this would look. Some advocate a labor market arrangement with a heavy involvement from business. I feel business should participate at the policy-making level. If you call on business to get into an operational mode, then I think we are considering a completely different kind of operation. I am not one who believes business itself should operate the program. I do not agree with the notion that just because you are in business you are more capable of dealing with the kinds of clients we are talking about than one who has made a profession of it. Perhaps this is my bias, but what I do think would be best is to have business establish policy for the professionals we have in field now. Business should have an expanded role in saying what is to happen and where. And I strongly believe that all actors in any revised institutional arrangement must have an obligation to see it through. There are many ways to achieve this obligation, one of which is to require that everyone involved contribute financially. In this respect, I think business should be called on to contribute financially. Federal policy should be to create overwhelming incentives for all local institutions that will be participating in an employment and training program to commit themselves equally to a successful result. This will have the combined effect of not only shifting the burden of proof away from the Federal government to local institutions but also spreading the grassroots support of an employment and training effort throughout the community. This is what is currently lacking. There are numerous other areas where institutional rearrangements can be made, particularly in the employment service, vocational education institutions, schools, and in higher education. But since it would take too much of your time for me to spell our precisely what I see needs to be done in this area, I would be happy to discuss my thoughts on this with you and your staff, should you desire, at a later date.

This brings us to the next question, which is: what would this look like legislatively? I could say it would be approximately 300 pages, involve 6 different Committees, 12 different Subcommittees and a lot of ruffled feelings. Nevertheless, if you are willing to establish a broad-based employment and training policy it is, in my view, absolutely necessary to take a comprehensive look at the goals. This will require legislation that reaches far beyond your Committee's jurisdiction, because I am talking about a combination of tax policy, changes in the UI laws, changes in ESEA and higher education, and many of existing efforts to provide employment and training and econoimic development in local areas.

Let me give you one example: the dislocated worker. I have already mentioned the need to involve private industry directly in the process of relocating such workers. What I mean specifically is that industry should commit itself to paying for the move of a perspective employee. This would require a tax credit to create a real incentive for the employer to take on the risk. The employer will have to become involved in an information exchange to help pinpoint possible job placements for the dislocated unemployed. In addition I would add specific training benefits akin to the GI bill financed perhaps through a modified unemployment insurance tax. It would almost seem reasonable to have a separate tax base for retraining and relocation paid for by firms as an insurance policy for their employees, just as they now pay into unemployment insurance.

The point I am stressing here is that unlike trade adjustment assistance, which was a 100 percent hand-me-down Federal program, this is a contributory effort with the direct participation of industry and feel would be a much more viable approach.

Underlining all these approaches are three important concepts:

Any policy should shift the obligation away from the government to the institutions and clients that are being served. This is CETA's major weakness, for as a 100 percent federally funded program there has been no obligation on the part of any actor in the system other than the Federal Government to contribute in any meaningful fashion. It is this importance of contribution and commitment that lends itself to an improved program delivery.

Incentives should be structured in a way that is truly geared to the institutional self-interest of those involved, be it education, business or comunity-based organizations.

Each element should be related and talked about in terms of restoring America's competitiveness and productivity while addressing the needs of those who have not succeeded in the labor market.

Obviously this is a big job, one I feel must be undertaken if we are ever to enable CETA or its replacement to become part of the mainstream of the national effort to improve productivity and to restore America's competitiveness. The only way to do this is to show explicitly where the Committee's work will fit into the whole, and to inform your companion committees of where they too have a responsibility. Reflecting on the past, I can remember those times the Ways and Means Committee undertook jobs tax credit legislation without any consultation with the Education and Labor Committee and how often it enacted policies that were in direct conflict with the institutional arrangements we had established in CETA. This is the kind of mistake that could be avoided by fitting the policies together in one package.

Notwithstanding everything I have said, I suspect your first job, unfortunately, will be to forestall imminent disaster for CETA. Although I haven't been privy to the latest discussions, I understand that the Administration may well contemplate cutting CETA back almost to its level of the early 1970's, and leave just a small amount for maintaining a skeleton CETA prime sponsor system. I may be necessary for this Committee to take on a short-term salvage operation. In this respect, I believe that the best way to convince the Administration of your commitment is to expand the role of private industry, and I point to Frank Lindsay's testimony as a possible way to go about doing that. But again, I would only look at this approach as short-term and as a salvage operation.

In conclusion, I would be happy and willing to assist in any efforts you undertake to put together the kind of package I'm espousing if you have any inclination to do so. I hope that you will do so. I recently attended a meeting of CETA experts and recall that all anyone could talk about was the specifics of CETA, whether there should be one council, or two councils, etc., and I felt very much like I was on the deck of the Titanic, listening to the crew debate how better to improve the ships watertight capability just as she was sinking beneath the waves. Perhaps you need a lifeboat, but what I do think needs to be done is to reconstruct the ship. I believe that a credible employment and training policy requires a comprehensive approach and it will end the days when one stays in a windowless office in the Longworth House Office Building wondering where everyone is.

Mr. **Jeffords**. Thank you very much, Nat.

Mr. Chairman.

Mr. **Hawkins**. May I first of all say it is a real pleasure to have your views, especially in view of the fact that I know that you have been on this side of the table so often that you understand the problems that we face. Consequently, I think the views expressed by you have an added meaning because they come I think out of that experience.

May I ask several rather specific questions with respect to the prepared statement.

To what extent is the statement or the recommendations based on a full forecast such as you made at the beginning of the labor force growth that is down to almost below 1 percent? Assuming that forecast is not accurate, would any of the recommendations be made different? I think some of us may take issue with that premise.

Mr. **SEMPLE**. I really do not believe so. What I have outlined is four major approaches. They are flexible. You can move from one to another, but the key to addressing a rapid growth in the labor market falls primarily, I think, in the macroeconomic stimulation of overall economic policies that lead to economic growth that provide jobs.

Now, this is what Drucker talks about. He says that what you need is a policy that is going to provide knowledge jobs. If that is true, and I think that is the fundamental premise on which all of my recommendations are made, is that we need an overall economic policy that stimulates maximum economic growth. That goes far beyond what the committee can do, but what I think the committee can do is take those cracks in the economic system, and dislocated workers is one. For example, if you have rapid economic growth a lot of it will be into new, high-technology industries. The auto industries will be losing workers. Those are dislocated workers. If you have policies geared toward resolving the dislocated, middle age worker who no longer is on the assembly line, that is a policy this committee can take. So whatever it is, that is an area where you can shift from one to the other.

Mr. **HAWKINS**. Well, assuming that there will be such areas that there will be still a need for the mechanism in terms of the dislocated bringing in this group that you mentioned and called, for want of a better phrase, "no-fault failures." Considering also that many individuals will be drawn into the labor market who heretofore have not even participated—women, for example, a tremendous number of housewives, as well as many underemployed individuals who work at less than their skills, and so forth, what mechanism would you suggest? A great emphasis is placed in the recommendations on the involvement of the private sector and other community groups. Now who would coordinate these groups? Do you envision at the local level a planning board of some kind in which these groups would be involved? What type of a delivery system, assuming that we wanted to do precisely what you recommended to give the private sector a greater role to play and even to contribute financially to the program? It is not clear to me what structure you would use.

Obviously you are not going to use the current structure?

Mr. **SEMPLE**. I felt that this testimony could go on for 50 pages going into details of the sort you are requesting. The private sector becomes involved in all different areas either through tax incentives for the dislocated worker. I would definitely have some kind of incentive to industry to actually pay for the relocation of a prospective employee. That requires an information system. I tend to favor a local structure that involves private industry and the planning business in a planning and information capacity on a board that has involvement of education and local elected officials on a broader area base than it is now. There are a lot of ideas floating around in this respect.

I would have the accountability for what they do and I would have them actually have the power to decide what programs need to be done, dispersed between three major elements: education, business, and local elected officials much the way it was in the youth bill when we originally worked on it. It is a concept of trying to bring in the grassroots support where the community is accountable for what they do as well, not just the local elected official. The local elected official is going to be under a tremendous amount of pressure. The budget cuts on the services are going to be the most pressing item on the local agenda. The tendency to not pay the kind of attention I think this program deserves will be there. Whether rightly or wrongly they have a tremendous number of problems, and I think by involving more actors in the community, particularly educators and business.

I think there has to be a system to do that, and I think involving the CETA professionals is a very important element, because I am not one who believes that business should actually operate. I do not think necessarily they have the experience to do it, and the people in the CETA system now I feel have the experience and should be some way brought into this, because they have had to work with this. They have had to work with exactly the groups you are talking about. I am talking about the obligations, not so much the institution itself. It is like shifting the institution and putting it in a place where there are more people responsible for CETA to work well. It is a strategy more than it is a specific change in design of the institution.

Mr. HAWKINS. Finally, who would create this entity on which the various groups that you mentioned would be represented? Would it be done by the local elected officials, and if so, are we getting back into the CETA structure, or would it be done at the Federal level through direct intervention?

Mr. SEMPLE. I think you could start in legislation. If I went through all the specifics it would take some doing. Pretty much a combination of local boards, the vocational education community, the CETA Board, the private industry council should be consolidated. The choice of membership is a very difficult issue. I think there has to be a role to play for local elected officials to select a certain number, that the business community should have a certain selection number, that education should have a certain selection number.

Mr. HAWKINS. Maybe I do not make myself clear. Who would make these decisions?

Mr. SEMPLE. You would. Absolutely.

Mr. HAWKINS. So the Federal Government would set up the local entity with the membership drawn from the various groups?

Mr. SEMPLE. Absolutely.

Mr. HAWKINS. And what Federal money there is would flow from the Federal Government to that local entity together with such other funding that might be derived locally?

Mr. SEMPLE. Right. And I would make that money an incentive approach. In other words, I would make that money predicated on certain things happening. I once again go back to the youth bill as an example. The 22-percent set-asides I think were a useful device. I think it could be broadened much further because it spreads the obligation, but I would have the Federal money dependent. I would have a certain base going. I think there is a chance that the people at the local level will not buy this option. You just cannot cut them out. You have to have something going on. I think you ought to have a base minimum support going on top of which if they produce what you design in terms of institutional arrangements they will get an extra amount.

Mr. HAWKINS. Thank you.

Thank you, Mr. Chairman.

Mr. JEFFORDS. Thank you.

How realistic do you believe it is to anticipate any cash contributions from local governments at this time?

Mr. SEMPLE. The way we had it designed was it came out of the Federal dollars. In other words, out of the basic grant. The way it worked was this, $x$ number of dollars came to the local level on a basic grant. Admittedly there is not much in that pot right now. If I were to advise you confidentially I would raid some other pot to do this. I might go so far as to go to the UI taxes and see what you could do with that system to bring in more money to what I think is the basic support. The match came out of that, so it did not pose added obligations to the local elected officials. Out of that pot let us say you put $1. The education community would be a hard dollar to come up with, but let us say they put up a dollar out of ESEA coming down the other way through which there is a certain amount of dollars flowing. Then you add $1 from the business community, and then you get matched with $1 or $2 from the national pot, which is $5 for the local training effort which has at its roots the basic support from the education community and the employee and training community and business. You really have not taken money out. You have taken Federal money and matched it. That was the general design I am talking about. So you are not really taking money out of an empty pot, you are taking it from money that is coming on top of what they already have.

Mr. JEFFORDS. What about the business community?

Mr. SEMPLE. I think it is critical. You have to set this obligation up that they have to participate for this to work. It has to be, in my view, set up that says to the business community, listen, this is a problem in your local area. This is your chance; if you blow it, it is no one's fault but yours. I think the obligation has to be passed over to the business community. Now do not forget the business community is largely behind and supports much of the economic policies that are now in place. There is going to be a share. There is going to be a tremendous burden on them, but I have never run into a CEO who does not sense a real obligation in this area. That is why I mentioned those stories about what I felt was an unbelievable response in terms of concern about education in the labor market. I think there is a real opportunity. It is expressing it in a way that they really see as being part of their interest in their company future that is important.

Mr. **Jeffords**. You have reviewed the results of the CETA funding cutbacks, I presume. Do you know of what is left if it is skewed in the right direction as far as the priorities you mentioned?

Mr. **Semple**. Well, that is a tough question, because one wonders if there is enough even if you take the total sum to be altogether sufficient for carrying this out. That is why I talk about going after other funds and trying to meld other dollars. It may be politically impossible to do it. It may be impossible to go into vocational education funds and try to take something out of there, but I think the difficulty is taking a small pot and figuring this out. I remember we saw the Job Corps and we always felt very high about Job Corps, and the youth employment program in the summer is extremely important, and now you are coming down to the initial point. You have a small pot, and here we are fighting over the little dollars that remain when none of them are enough. What I am arguing for is, in the short run to try to get as much in the private sector, because it will salvage as much of the pot as you can have. In a way you are buying into a concept which is generally the one that the administration, I think, favors the most, which is the private-sector involvement. In the meantime, while you are salvaging this pot try to establish a new approach.

I know that is not a very specific answer.

Mr. **Jeffords**. Thank you.

Mr. Weiss?

Mr. **Weiss**. Thank you very much, Mr. Chairman.

First I want to say that I think that you have done some very serious and it might even be said profound thinking on the subject, and I think that we are all grateful for that. In a sense I am not sure that I am in a position after one hearing to really comment or critique intelligently at this stage. I think that it is something that I really would like to have the chance to analyze much more carefully.

One concern or caution that I have on the basis of the hearing that the subcommittee held about 3 months ago in Los Angeles, we had some private-sector people and they pointed out exactly the same problem of labor shortages at the same time that we have this tremendous level of unemployment in certain sectors, and what is going to be happening 10, 15, 20 years down the line. But the sense I got from listening to them is that it was going to be very, very hard to get them to focus on and to deal with the chronically unemployed, the people who are the no-fault labor problems. I am not sure that you can really demonstrate to them how it is in their self-interest to really deal with that sector of the society and the economy. They will do the other stuff and then deal with the people who least need the help because that is in their self-interest, and I just do not know whether, in fact, you can do all of this on a single track.

Mr. **Semple**. I agree with that. In fact that is what I said. I think basically that particular problem is primarily the responsibility of Government. What I indicated is that you need to take your resources and address the problem there which I believe needs comprehensive addressing. Marion Pines in Baltimore said, "You know, if we only had day care for these single mothers with kids we could get them into training." I believe that really has to be the focus of

Government. What happens, though, is that once the person gets labor-market ready that is where the key problem comes in, in my opinion. It is the selling of that person into the labor market where I think there is a role for private industry. It is not in doing it.

Mr. **WEISS**. This is not to undercut your argument but to indicate how difficult it is. The administration is going exactly the other way, taking away the very supports that in fact might make it possible for people to make themselves labor-market ready.

Mr. **SEMPLE**. Well, perhaps I share some disagreement on that, because from what I have sensed I think that is an area where this committee and the Government does have a role.

If the time comes where there is an ability to restore that, I think the committee should be prepared to do it in a way that is more successful in terms of how the people get into the labor market and hired. Industry, I do not think, is in a position to handle that specific problem. I think they are willing to handle the client from that if they feel the client can do the job, and they are willing to advise as to educational efforts and to participate. I would not be greatly optimistic about their capability of handling that specific problem. I agree with you entirely. That is a situation over which we have no control, but I do not think it should prevent you from establishing a policy approach in the bill.

Mr. **WEISS**. Thank you.

Thank you, Mr. Chairman.

Mr. **JEFFORDS**. Thank you very much, Nat.

The next panel is an economic development panel consisting of Charles B. Tetro, executive director, Penobscot Consortium, Bangor, Maine; Christopher Page, director, Economic Development Council of Northern Vermont; David Deen, Southeast Vermont Community Action; Frank Gulluni, special assistant to the mayor, Springfield, Mass.; and Lou Dworshak, State of Vermont, Department of Development and Community Affairs.

I welcome you to our hearing. I hope we will have sufficient time for questions, and we hope that your statements could be summarized so that they do not take more than 5 minutes, then we can have equal time for questioning at the end.

## STATEMENT OF CHARLES B. TETRO, EXECUTIVE DIRECTOR, PENOBSCOT CONSORTIUM, BANGOR, MAINE

Mr. **TETRO**. My name is Charles Tetro. I am executive director of the Penobscot Consortium and president and CEO, Training & Development Corp., Bangor, Maine.

Thank you for this opportunity to present testimony today. Given the nature of the timing I shall simply submit my testimony and summarize it briefly.

I think that it is much grounded in commonsense, but since policy has not been attuned to the kinds of presuppositions which are supposed here, I would hope that you might have an opportunity to review it.

The thesis of my testimony is that economic development ought to be an integral part of labor market policy.

My central assertion is that in my approach to economic development we generally have failed to recognize the human resource and human dimensions of the enterprise. We failed in two manners to recognize it. We failed to realize that economic development when accompanied by human resource development is a potent tool for achieving economic justice as well as efficiency and growth.

We have also failed to realize that economic development is not sewer systems, industrial parks, new plants, and expanding businesses, although each of those can be a critical result of economic development and also a critical contributor to economic development. Economic development is a process, and the vital ingredient to the process is the right people. So I go on to speak about the matter of grounding labor-market policy and economic development initiatives in the community. That is the context where they occur, wherever their origin and whatever their cumulative effect may be regionally or nationally.

We would need to involve in that process those influential decisionmakers in communities. We need to recognize that powers disperse. There is no one locus of importance, but the power is among organized labor, education, and government, and until we recognize that and ground our policies and programs with that recognition we are going to be continuing to operate outside the context of how things really happen in our communities, and we need to change our system and policy to address that.

In this testimony I wanted to make a case that between creating jobs and building people's abilities to be able to take those jobs, we need to combine those policy initiatives. I use an example later in my testimony in the instance of Bangor, Maine, something which is the cumulative result of an approach that has been organized around this premise which occurred just last week.

Last week, major industry business and finance leaders met in the boardroom of the Penobscot Consortium and each dedicated $3,000 for a cumulative amount of $60,000 as the first installment on what they recognized to be a long-term, multiyear commitment to begin to revitalize the central core of the City of Bangor, which has deteriorated as so many cities have.

These business leaders, meeting in a CETA boardroom, stipulated that their commitment needed to be matched by the city of Bangor, that a public-private partnership needed to be created if we were to undertake an effective enterprise in Bangor. The city council met in that same boardroom the next day and indicated at their next regular meeting they will in fact make that kind of commitment and form that kind of a partnership.

I think the significance of that is that out of the context of CETA grounded in the private sector initiative aspect of CETA, real change, real growth, real opportunities are going to be created for the City of Bangor and for the unemployed in that city.

Because these individuals have been involved with this human resource development enterprise and because of the origin of this, it is very clear that we can steer the development of opportunities for people throughout that overall economic development process, and that is critical.

Finally, I express in my testimony a view which we have come to hold in Bangor, Maine, and that is that while the title VII initiative of CETA has offered and does offer real promise and has, in fact, begun to ground employment and training policy and programing properly in our communities, it is only a beginning. About

1½ or 2 years ago the executive staff of Penobscot organized a staff for the variety of contacts, different parts of the country to come to terms about how we ought to ground our program in Bangor, Maine, to institutionalize it, give it permits and make it an effective program.

Out of that we made two critical decisions. One was to constitute the private industry council with a membership and a committee structure which reflected two purposes: to create it with an executive committee constituted one of the most powerful communities in the business and industrial community to organize labor and education. Furthermore, in order to meet your stipulation for membership in the council, the rest of that committee structure reflects all those other interests in the local community—employment service people and other critical actors in the community that play a part but that do not really have a policy role which can influence and advise and guide but not really make decisions in the community, and have those people be in those supporting committee structures.

Our agenda is probably obvious. In the beginning we felt if we could get these influential people making policy for CETA people in our area the CETA programs would be better, and also we could create the body around which we could create a future.

The short end of that story is that this past August the Training & Development Corp. was founded in Bangor, Maine. It is a labor-market intermediary that we expect to be used in the future to deliver labor-market programs in that area. It is constituted in addition to that executive committee of the PIC, including the chief elected official from each of the counties and consortium. So we finally have an intermediary structure which includes business and finance, labor leaders, education, and governmental officials. It is a corporation. It has permanence, continuity. It will exist over time, and it does involve all those critical factors.

I should say in closing that as we set forward we fully expect out of the context of what is occurring to be building strong and permanent employment and training systems in our area incorporating all those areas.

I should say finally that we have not operated simply a CETA program in Bangor, Maine, over all these years but also have been the prime contractor for a Job Corps center in Maine. We have operated the migrant seasonal farmworker program for Maine, and we have recently created the Human Institute for Resource Planning and Management, which is introduced to increase the capacity of professional and technical and technological systems to support the training systems. So I think we speak not only from a base of long experience, but a fairly intense experience, and a breadth of experience which is not customary to the normal CETA sponsorship.

Thank you, sir.

Mr. **Jeffords**. Thank you.

[The prepared statement of Charles Tetro follows:]

## PREPARED STATEMENT OF CHARLES B. TETRO, EXECUTIVE DIRECTOR, PENOBSCOT CONSORTIUM AND PRESIDENT AND CEO, TRAINING & DEVELOPMENT CORP. (TDC), BANGOR, MAINE

Mr. Chairman, members of the committee, my name is Charles Tetro. I am the executive Director of the Penobscot Consortium which operates a three country CETA prime sponsorship, a Job Corps center, the migrant and seasonal farmworker program in Maine, and the New England Institute for Human Resource Planning and Management. I am pleased to appear before you today to present testimony concerning the future of employment and training programs.

At the outset, let me delimit my subject and make precise my aim. I am before you this morning to speak about economic development as an integral feature of labor market policy and programming. My objective is to make a case for including economic development as an aspect of any future labor market policy and to illustrate my case with examples of important and successful economic development initiatives which have been undertaken in Bangor, Maine, through the existing CETA legislation.

There are few endeavors which attract such overwhelming support and approbation with such little common understanding. Economic Development is at once a compelling and elusive concept. In order to appreciate my view that it ought to be part of our labor market policy framework, I would ask that you indulge me for a few moments as I give definition to the concept as we see it and have treated it in our own communities.

Economic development is not, as we see it, new and expanded plants, shopping centers, sewer systems, industrial parks and the like—although each of these may be important singular results of and subsequently contributors to economic development. Rather, economic development is a process aimed at increasing gross local, regional and national product leading to higher standards of living for individuals in our economic system. As such, it has social as well as economic consequences. It also has human as well as material dimensions. While the material dimensions are more concrete, as it were, the human dimension has often eluded us in our pursuit of economic development and in our understanding of what we need to do to achieve it.

It is in the particular context of local communities that I shall focus my attention and remarks; for after all, that is the arena where developments occur wherever their origin and whatever their cumulative effect may be regionally and nationally.

I do this with the recognition that national labor market policy must be stratified to respond to macro as well as micro concerns, and that economic development as an aspect of that policy must be similarly treated. I would further clarify my approach by distinguishing between development which occurs naturally as explained by the law of comparative advantage and development which is truly created by local initiative. This latter kind of growth is a product of the enterprising, entrepreneural, organized, collective efforts of community leaders. It cannot occur without the active involvement and cooperation of the business and finance community, labor leaders, government officials, educators and other citizens in a community who influence, if indeed do not make, the important decisions which determine the future course a community will take. It is this kind of economic development which is properly a concern of local labor market policy.

With this understanding, let us then turn to the local context (to the micro applications of economic development) and within that context to the human elements which are so frequently overlooked.

The human dimension of the economic development enterprise is manifest in two ways. On the one hand, if local development initiatives are to have the maximum effect, they must contribute to increases in the standards of living of local people. This implies that as investments in infrastructure occur and new businesses and industries are created and expanded, investments must also be made in building the stock of human capital. People must be upgraded and trained to be employed productively in the new jobs which are created. Otherwise, the result of local development may be to induce a shortage of qualified workers, inflating labor costs, and drawing skilled individuals from other regions of the country at the same time that structural unemployment persists in the area graced with new employment opportunities. Close examination would reveal that this is the result far more often than not.

Economic development coupled with human resource development is a potent instrument for increasing productivity in local economies and by extension in the American economy as a whole. Furthermore, it is a means to achieve economic justice—as well as economic efficiency and growth.

As I have stated, the essence of economic development is process, and the vital ingredient in process is people: the right people. This second human dimension of economic development also warrants our attention.

For development to be induced in a community where it would not naturally occur to the extent or in a manner which is desirable, the process must be solidly grounded and carefully orchestrated.

Here, Government policy has most often been at odds with reality, for it usually occurs upside down and outside. Let me explain what this shorthand means to convey. For the most part, policy has created fairly narrowly bounded federal programs which designated lead organizations for implementation in local communities. While a good deal of lip service is paid to local conditions, community involvement and responsiveness, this only thinly veils a highly prescriptive process where the critical decisions of what is to be done and how it can be best accomplished is predetermined. Often times, the lead agency is only peripherally involved with the decision making process in the community, and just as frequently, the program initiative doesn't quite fit with local needs. Thus whatever the undertaking, it is compromised at its inception and falls short of its promise in the end. In contrast to this, I would suggest that policy initiatives should specify the results which are expected, leaving particular approaches to decision makers at the local level. If for instance, the policy objective is to encourage local economic development; then the most effective vehicle may be to establish a federal local initiative bank. In this example, a certain amount of money could be made available to communities in need at below market rates or as grants. The policy could stipulate that where developments increased the local tax base and produced revenue, a portion or all of the loan would be required to be paid back to the bank over a period of years. Where the project is not of a revenue producing nature, is a failure, or where the community is in a particularly distressed financial condition, a grant in aid alternative may be more appropriate and could be undertaken. In the instance of failure, loans could be forgiven. In this example, the critical feature is the relationship which is developed between the federal program and the local community. To begin with, the "local initiative bank" is passive. This program requires the same kind of approach to financing that exists between the individual or firm and a local financial institution. Only after a community has secured the interest and involvement of the critical actors, and after they have formulated specific plans, studied the feasibility of their plans, and prepared a solid approach to implementation, is the federal initiative bank involved in the process. And as should always be the case, the bank is able at that time to judge not only whether the community meets certain standards of need but also whether the community has the ability to successfully undertake the venture.

It should be evident from what I have said that I am convinced of the need for policy to establish the incentives and the means for local communities to grapple with and direct their own futures. Often this will require the involvement of parties which have not customarily worked in harmony or even perceived a common interest. Frequently, it will require public/private partnerships. And in the domain with which we are concerned, it will nearly always require collaborative efforts among the business and finance community, labor, education and government.

I have argued that economic development should be an integral part of our labor market policy; that it depends upon the proper blend of public and private decision makers; that it needs to be properly grounded in local communities; and that it can increase productivity by providing new and better jobs to the unemployed if it occurs in tandem with human resource development initiatives. I have, of course, only recognized that the architects of title VII of CETA realized in the 1978 private sector initiative program with the advent of private industry councils and the important "employment generating services" program. The real promise of title VII of CETA is, of course, yet to be realized. However, if our own local experience is instructive in this regard, PSIP is an important beginning. I should caution that it is only a beginning; and as with any new enterprise, it has problems as well as prospects, and it needs time to develop.

I began my testimony by indicating that I intended to make a case for the inclusion of economic development in any future labor market policy. I hope that it is your judgment that I have done so. I further promised that I would illustrate my case with the example of our own experience in Bangor, Maine, for it is out of this experience that I have come to have the views I have conveyed to you today.

With the passage of title VII of CETA and the creation of the private industry council, a critical new element was introduced into the labor market policy making and programming of the penosbscot consortium: influential decision makers from the sectors of our communities which controlled, in one fashion or another, the success of our program initiatives. They had always been out there and they had always exercised that control. For the first time, they were to be involved in a way and at a time when their power could be exercised constructively.

The consortium had a history of positive involvement with private businesses in the development, sponsorship, and implementation of training programs. Organized labor had played a critical role in the formative stages of the job corps and other youth programs, had operated training progrms, and had furnished skilled traded people to be used in supervisory capacities in certain youth programs. Educational institutions had responded to a variety of requests for specialized training programs, had participated in joint ventures with the consortium to tailor new developmental programs which could help to bridge the gap separating CETA participants from the regular entry standards of their institutions; as well as in areas of research of particular concern to us. Yet, with all of this, there was not a cohesive, institutional grounding to our relationships. That came with the creation of the PIC. That came because there was, for the first time, a recognition that authority is distributed around the community—there is no single locus of power. (A lesson manpower policy makers had only learned after a long, sorry history of looking for a silver bullet.)

Once constituted, the PIC was offered and accepted oversight responsibility for the entire employment and training system of the penobscott consortium: its CETA formula programs, its job corps center, its migrant and seasonal farmworker program, and the New England Institute. This is important to know because it figures prominently in the subsequent economic development initiatives which were to occur.

PIC members arrived with the same skepticism about government progams as they could have been expected to have, without much understanding of or appreciation for the role CETA played in their communities and within the economic system of which they were such an important part. Yet with their involvement came an understanding, support, commitment to goals of the consortium, and finally, initiatives and results.

One initiative, of particular consequence to the city of Bangor, arose out of the PIC's recognition that just as creating new jobs without attending to the business of developing skills among the area's unemployed did little to address the employment problems of the disadvantaged; so too was the reverse true. Upgrading the skills of the unemployed in an area of particularly high unemployment without developing new employment opportunities was if not a bankrupt policy—close to it. Out of this concern came an initiative to revitalize the core area of Bangor. The PIC's objective was to induce development where it would not naturally occur: to create jobs. Bangor has a long history of trying and failing at this.

To begin with the PIC realized that the particular nature of this endeavor required the support of the entire community. Furthermore, it recognized that some critical interests had to be represented directly if the undertaking were to be successful; and that while the PIC could be a catalyst, and provide ongoing support, a specialized intermediary needed to be created. A Bangor center project committee was formed, and subsequently incorporated. This intermediary is chaired by the PIC chairman and several PIC members have assumed leadership roles in the committee structure. However, those other critical parties have been included and have assumed important roles. Will the core area of Bangor be revitalized? Will jobs be created as the PIC intends? The jury is still out, as the initiative is less than one year old. But there are some early indicators. You may judge their significance for yourselves.

Last Thursday evening, 21 of Bangor's leading industrial, business and finance leaders met in the boardroom of the Penobscot Consortium and committed over $60,000 as a first installment on what the recognize to be a multi-year financial obligation to retain the Rouse Company to plan for and implement a long term development program to revitalize Bangor. They did so stipulating that their contribution be matched by the city of Bangor: that a public/private partnership was required if the project were to succeed. On Friday, the city council met in that same boardroom and gave every indication that when the issue comes before them at their next meeting, the partnership will be formed. Could all of this have happened without CETA's private industry council? Perhaps. Had it before? No.

This is perhaps the most dramatic local experience we can share with you which illustrates the kind of results which CETA programs can and have achieved. But it is certainly not the only one. The PIC has moved CETA into boardrooms where corporate development plans are formulated and and where a future for our unemployed can be created. The PIC has moved CETA closer to apprenticeship opportunities where rewarding careers can be found. The PIC has placed CETA and its objectives on the tables of educational institutions and called for change. Finally, the PIC has legitimated the goals, initiatives and results of the Penobscot Consortium's CETA program.

Is the private industry council the answer to the Nation's local labor market problems?

With all of its achievements, we have determined in Bangor, Maine, that it is not. It is, however, a very important first step.

In closing, I would like to share with you the approach we will be taking to ground labor market policy and programs in our area.

Nearly 2 years ago the county commissioners who comprise the executive board of the Penboscot Consortium authorized staff to undertake a study of alternative arrangements for institutionalizing employment and training programs. Labor market policies and institutional arrangements of a variety of counties were examined and related to our own socio-political environment. Early results of this analysis led to a very careful selection of membership for the private industry council as well as to the particular committee structure proposed for and subsequently adopted by the PIC, of particular consequence, was the composition of the PIC executive committee

The membership of the executive committee was drawn from the highest levels of the business, finance, education and labor communities. All of these individuals exercised considerable influence over policy in their respective fields, were critical factors in both human resource and economic development areas, and could be expected to provide effective guidance to the CETA system. The agenda we had, is, I am sure, obvious. If this influential group which represented the critical sectors involved with the labor market could be brought together at one table to chart the policy course for CETA, the likelihood of program success would be considerably enhanced. Furthermore, if they could be engaged in the process of creating an appropriate labor market intermediary, the results of that process would be far more likely to be on the mark.

Last August, Training & Development Corporation (TDC) was formed in Bangor, Maine, with the intent of having it become the labor market intermediary for the Penobscot Consortium. The majority of the board of directors of this non-profit corporation consists of the executive committee of the PIC, but in addition, the chief elected official of each county in the consortium is also included on the board. The result is an intermediary governed by policy makers in the business and finance, organized labor, and government and education communities.

The composition of the board of directors and the institutional continuity and permanence associated with incorporation are, we believe, the critical factors which will make this second step the vital sequel to the private industry council as originally formulated. The PIC will continue to perform its mandated role, and more importantly, will continue to provide the breadth and range of advice and guidance which it has in the past.

In 1982 we have the opportunity to emerge from a long history of ad hoc responses to what have been perceived, at each juncture, to be crises: short run in nature and susceptible to a quick fix. Labor market policy advanced for the 1980's must respond to persistent productivity problems, to technological change and industry shifts, and to welfare issues if it is to effectively respond to social and economic problems facing the Nation. The policy framework must create the conditions for responsive and durable labor market programs and give focus to investments made in improving labor quality and business climates. Furthermore, it must do so recognizing severe budget constraints and significant regional variation.

Few among us would argue that operating without an employment policy for the last several decades has been effective. If there ever were a time when this deficiency truly could have been afforded, that time has passed. Our nation faces difficult and essential adjustments arising out of an increasingly integrated world market no longer monopolized by the United States and compounded by changes in the nature and composition of both our national economy and labor supply. Sophisticated forecasting and common sense indicate that problems in this area will become more acute over the next decade as labor shortages force American business to dip ever more deeply into the labor pool at the same time that it faces even more effective competition in world markets.

For a long time public investments in job creation and job training have been perceived, and in fact utilized, principally as social investments. Slack markets provided the impetus and fairly abundant resources provided the means to support this approach. Investments in economic and human resource development must be recognized for what they are in today's context: vital ingredients in an effort to restore America's competitive position; vital components of any serious program to increase America's productivity.

As you continue your important deliberations over the shape and content of our national labor market policy, I hope that you will choose, as we have, to build upon the strengths of the CETA system. I hope as well, that you will achieve clarity of purpose, permanence and a clearly defined bottom line for these essential programs.

Thank you for this opportunity to appear before you today.

Mr. JEFFORDS. Mr. Page.

## STATEMENT OF CHRISTOPHER PAGE, DIRECTOR, ECONOMIC DEVELOPMENT COUNCIL OF NORTHERN VERMONT, INC., ST. ALBANS, VT.

Mr. PAGE. Thank you.

I am Chris Page. I am with the Economic Development Council of Northern Vermont. The Economic Development Council is a Department of Commerce—designated economic development district and represents 100 districts in the northern tier of Vermont. My testimony today is presented on behalf of the area's regional development planning commissions and the regional development corporations.

If employment and training programs are to achieve measurable effectiveness they must be broadly goal oriented and must allow extensive flexibility for adaptation by State and substate areas. In general, the productive and general employment program is one which can assess the potential capabilities of its client population and match them with private sector growth opportunities. It is our council's belief and that of the affiliated regional planning commissions that we represent that national policy toward employment and training programs should attempt to provide States and substate entities with the necessary tools, financial and educational, to develop and improve public and private partnerships that will result in increased employment, productivity, and independence.

As an example, a coalition of nonprofit community development organizations and private-sector firms in northeastern Vermont has effectively set goals and objectives for its employment and training needs. The members of this group and their effectiveness lies in their ability to accurately reflect both the historical employment problems of the region and the potential for future economic development activity and ultimate job creation.

The interest of the current administration in streamlining Federal aid programs and returning management responsibilities to States and localities is tailor made for employment and training functions. A survey conducted by the Council for Northeast Economic Action indicates a strong desire in the region's business sector to see the establishment of an umbrella leadership organization which could undertake public/private cooperative initiatives in employment and training activities. The implementation of this proposal conceivably could result in the development of subregional counterparts capable of designing and managing employment, training, and economic development programs suited to their localized needs.

Employment and training programs must be wed to organizations with broad economic development goals. Without an extended family of housing, community service, education, and business development programs, training will continue to be the economic development "stepchild." As Federal resources diminish and, particularly, as rural areas begin to feel the impact of reductions, it becomes critical that employment and training efforts not be lost amid issues of "turf" thinly disguised as mandate or responsibility.

In northern Vermont, the EDCNV developed a mechanism for linking its ongoing program of economic development, which consisted primarily of technical assistance to municipalities and regional planning and development organizations, with employment and training services via the private sector. For example, the council operates a below-market-rate loan fund for business and industry. As part of the criteria in considering a loan package, we seek commitments from the applicant vis-a-vis job availability to the unemployed or underemployed, wage scales, employment of the handicapped, and access to inhouse or public training programs. Those applicants scoring high in these areas are likely to receive priority consideration; while all applications must be considered first on their financial merit, the board of directors of the fund believes that it is in the best interest of the regional economy to seek out those businesses which are willing to make a long-term commitment to the labor force in return for hard work and high profitability. Firms which do not meet the criteria established are provided technical assistance in developing their own training programs or are directed to existing training opportunities; pay scales are monitored to insure that the average does not fall below 135 percent of minimum wage.

While the council has been active in a variety of facets of employment and training programs, we do not believe that these efforts would be enhanced by the targeting of assistance. Rather, we submit that the redirection of employment and training programs to more fully represent State and local economic development interests will serve to generate jobs among those most in need. Targeting inadvertently serves to cut off from the mainstream a portion of the population; in rural areas, perhaps more often than in urban, targeting of specific groups leads to an inhibiting type of protection from community life, restraining growth and stifling work-life opportunities.

In conclusion, we believe that CETA is meant to be an active labor-market policy designed to correct long-term problems of chronic unemployment and low skill levels. In northern Vermont, CETA has experienced some successes in spite of and not because of existing Federal policies. Active labor markets require a comprehensive economic development approach to maintain their health and viability. If employment and training programs are to play a useful role in this process, and we believe they can and should, new emphasis must be placed upon the State and local abilities to customize technical and vocational training to reflect community needs. Passive training programs, insulated from capital investment, community priorities, or private-sector thrusts cannot provide the long-term economic benefits so desperately needed by a large portion of the American population.

Mr. JEFFORDS. Thank you very much.

[The prepared statement of Christopher Page follows:]

## Prepared Statement of Christopher Page, Director, Economic Development Council of Northern Vermont, Inc.

### THE POTENTIALS OF EMPLOYMENT AND TRAINING LEGISLATIONS

The Economic Development Council of Northern Vermont, Inc. (EDCNV) is a Department of Commerce designated economic development district serving Caledonia, Essex, Franklin, Grand Isle, Lamoille and Orleans Counties. The EDCNV is an affiliate of the area's regional planning commissions and regional development corporations providing technical assistance and financing for a broad range of economic development programs. During the past eight years, the Council has played a significant role in job creation and training opportunities throughout northern Vermont, and it is this experience that we wish to highlight today for these joint meetings.

The programs and policies of the Council are based upon a fundamental goal of increasing employment opportunities for the citizens of northern Vermont without unduly affecting the unique social and cultural fibre of the region. As an extension of this concept, EDCNV believes that economic development and employment/training organizations share a responsibility to ensure that all citizens have access to the fundamental educational tools which will provide them with full, satisfying and creative work lives. The population served by employment and training programs is both the ultimate beneficiary and the greatest resource for the creation of employment in this country. In northern Vermont, the Council has worked with a variety of public and private organizations to harness the inherent dynamics of an unemployed yet trainable work force to significantly reduce dependency on social programs and open new doors to greater productivity.

If employment and training programs are to achieve measurable effectiveness, they must be broadly goal-oriented and must allow extensive flexibility for adaption by state or sub-state entities to address localized needs. In general, the productive and successful employment and training program is one which can assess the potential capabilities of its client population and match them with private sector growth opportunities. This is particularly true in rural areas such as northern New England where opportunities for private sector job creation are at best limited; unless the existing employment and training efforts are able to tap the pulse of the private sector, a locality is likely to experience a destabilizing growth pattern, i.e., one in which new jobs are filled with highly experienced members of outside labor forces while the resident population remains unemployed, untrained. This type of growth is unacceptable and has a tendency to weaken and demoralize rather than assimilate readily into a community. Thus, it is the Council's belief that national policy toward employment and training programs should attempt to provide states and sub-state entities with the necessary tools—financial and educational—to develop and improve public/private partnerships that will result in increased employment, productivity and independence.

Specifically, the EDCNV has concluded that regionalized public/private endeavors tend to produce the greatest benefits in terms of permanent job creation. As an example, a coalition of non-profit community development organizations and private sector firms in Vermont's Northeast Kingdom has effectively set goal and objectives for its employment and training needs; together these groups have begun a regional roundtable designed to explore the effectiveness of training programs and to implement a customized approach to meeting the needs to both the private sector job-creator and the unemployed population. The members of this group represent a cross section of regional interests including CETA sponsors, public employment agencies, industrialists, quasi-public development corporations and retailers. The effectiveness of such groups lies in their ability to accurately reflect both the historical employment problems of the region and the potential for future economic development activity and ultimate job creation. The interest of the current administration in streamlining Federal aid programs and returning management responsibilities to states and localities is tailer-made for employment and training functions. A survey conducted by the Council for Northeast Economic Action indicates a strong desire in the region's business sector to see the establishment of an "umbrella" leadership organization which could undertake public/private cooperative initiatives in employment and training activities. The implementation of this proposal conceivably could result in the development of sub-regional counterparts capable of designing and managing employment, training and economic development programs suited to their localized needs.

Any attempt to restructure the existing CETA legislation to provide closer linkages with economic development activities must, however, evolve from a clearly established working relationship with the private sector. Since the private and public sectors often share a conflict and adversarial, albeit natural, relationship, it is imperative that government and business establish a creating employment. Commitment on the part of the employment and training sponsor to seek private sector direction in developing and operating programs is essential to the success of job creation; just as critical is the dedication of the private to both the economic and social benefits of training the unskilled or under-skilled labor force. If we are to avoid the pitfalls of training in public sector (largely local non-profit) organizations, employment and training policy must reflect the diversity and transferability of private sector experience.

Once again, local and regional involvement in policy development and actual programs implementation will automatically result in employment and training efforts which are suited to area values. The Labor Department directive has been, to date, restricted in its view of employment training and the role of the labor force in regional and local economies. A small slice of the economic pie will reveal varying degrees of manufacturing, commercial, and service industry activities are prospering in their diversity. Employment and training programs can and should be structered with a careful eye toward the local economy, building on local resources and always aiming for continued diversification.

Employment and training programs must be wed to organization with broad economic development goals. Without an extended family of housing, community service, education and business development programs, training will continue to be the economic development "step-child." As Federal resources diminish and, particularly, as rural areas begin to feel the impact of reductions, it becomes critical that employment and training efforts not be lost amid issues of "turf" thinly disguised as mandate or responsibility! Recently, the Economic Development Council participated in a national demonstration program sponsored by the Economic Development Administration (EDA) and designed to establish permanent linkages between employment and training providers and the economic development community. Despite the significant disparity among the three participants—San Antonio, Texas; Detroit, Michigan; Northern Vermont—all found that immediate concerns were raised over the desire of economic development professionals to become "involved" in training. In Vermont, due partly to its size and the Council's ongoing personal contact with training providers, this distrust was laid to rest early in the demonstration. Our experience, however, is indicative of the lack of understanding and communication that can result when two efforts so similar in long-term objectives fail to ensure their programs' interaction. The integration of industrial/commercial development with employment and training programs and with the social services ultimately can provide the client with a level of service previously unparalleled.

In northern Vermont, the EDCNV developed a mechanism for linking its ongoing program of economic development, which consisted primarily of technical assistance to municipalities and regional planning and development organizations, with employment and training services via the private sector. For example, the Council operates a below-market rate loan fund for business and industry. As part of the criteria in considering a loan package, we seek commitments from the applicant vis-a-vis job availability to the unemployed or underemployed, wage scales, employment of the handicapped and access to in-house or public training programs. Those applicants scoring high in these areas are likely to receive priority consideration; while all applications must be considered first on their financial merit, the Board of Directors of the fund believes that it is in the best interest of the regional economy to seek out those businesses which are willing to make a long term commitment to the labor force in return for hard work and high profitability. Firms which do not meet the criteria established are provided technical assistance in developing their own training programs or are directed to existing training opportunities; pay scales are monitored to ensure that the average does not fall below 135 percent of minimum wage. The Council's affiliation with a number of northern Vermont social service agencies has led to a cooperative effort to place a greater number of unskilled individuals in a variety of state and federally sponsored training programs.

While the Council has been active in a variety of facets of employment and training programs, we do not believe that these efforts would be enhanced by the targeting of assistance. Rather, we submit that the redirection of employment and training programs to more fully represent state and local economic development interests will serve to generate jobs among those most in need. While this is a broad statement with which many will take exception, we firmly believe that involvement by community based development groups and by the private sector will create programs which reflect directly the needs of the labor force and the capabilities of the constituent communities. State and Federal governments must act as a catalyst in the development and the implementation of employment and training programs.

By doing so, they will allow the community to explore its potential and to generate an employment scheme that will provide the jobs necessary to allow all sectors of the local economy to grow. Targeting inadvertently serves to cut off from the mainstream a portion of the population; in rural areas, perhaps more often then in urban, targeting of specific groups leads to an inhibiting type of protection from community life, restraining growth and stifling work-life opportunities.

The process of stabilizing a national economy, especially one as diverse as the U.S., relies heavily upon the ability of regions to maintain strong industrial, commercial and financial bases. The effective delivery of employment and training services, if it is to have a desirable, long term impact, should also focus on the regional marketplace for leadership. Policy for a regional economy, as for a regional training program, is best designed by the interaction of the entire spectrum of economic development factors. The continuation of current CETA policies and programs will provide a short term solution to problems of unemployment; we do not believe that this is the goal or; indeed the intent, of such legislation. Rather, we believe that CETA is meant to be an active labor market policy designed to correct long term problems of chronic unemployment and low skill levels. In northern Vermont, CETA has experienced some successes in spite of and not because of existing Federal policies. Active labor markets require a comprehensive economic development approach to maintain their health and viability. If employment and training programs are to play a useful role in this process (and we believe they can and should), new emphasis must be placed upon the state and local abilities to customize technical and vocational training to reflect community needs. Increased private sector participation, the integration of training and economic development and establishment of linkages to the financial community are essential elements of an active employment policy. Passive training programs insulated from capital investment, community priorities or private sector thrusts cannot provide the long-term economic benefits so desperately needed by a large portion of the American population. We believe that the nation's employment and training programs to possess the potential for becoming a cornerstone of economic recovery; they represent resources as yet not fully explored, and we believe that policy refinement and local direction will reveal the true value of employment and training programs for the eighties.

Mr. JEFFORDS. Mr. Gulluni.

## STATEMENT OF FRANK GULLUNI, SPECIAL ASSISTANT TO THE MAYOR, SPRINGFIELD, MASS.

Mr. GULLUNI. Thank you.

Chairman Hawkins, Congressman Jeffords. My name is Frank Gulluni, and I am assistant for private industry development to the mayor of the city of Springfield, and participate actively in the process of economic development for all of Hampden County. I founded the Hampden District Regional Skills Center in 1970, became the executive director of the Hampden Consortium, 21,000 population, in 1978, and 1980 was transferred to the mayor's office to utilize those skills and abilities in the process of bringing new industry to the community.

We must build credibility in the CETA system in order to assure employment opportunities for the chronically unemployed. Therefore, a comprehensive manpower delivery system, developed and guided at the national level, is as necessary for the future growth and competitiveness of this country as is a comprehensive system of national defense. Employment and training policies and programs at the Federal level are the key elements in determining the future direction that major aspects of our economic future will take. In addition to providing career employment for jobseekers, national employment and training policy initiatives can also play a key role in such areas as enhancing manpower resources, fostering economic development, reducing welfare dependency and chronic unemployment, and generating additional tax revenues.

Federal participation in employment and training programs is mandatory if we are to meet the long-term need for skilled and trained workers in our technologically advancing society. The private sector is unable to make the substantial investment in money, time, and personnel necessary to satisfy these extensive training needs in the absence of Federal support.

We believe that the best method for meeting these training needs is through an approach such as the sequential training and employment progression system (STEPS). This training and employment system is sequential in nature, with movement through the system based on the progressive attainment of those competencies and skills necessary for career employment. The foundation of the system is the development of marketable advanced skills coupled with positive work habits, which will lead to the goal of career employment for jobseekers.

The STEPS program would consist of four major components or phases, including an indepth vocational and academic assessment, development of positive work habits, advanced skills training (to include appropriate remedial education and language training), and job development and placement. The underpinning philosophy of the program is that learning to work is as important as developing a marketable skill. Competency-based advanced skills training programs, in such areas as computer technician, tool-and-die maker, drafting, data processing, and other high-demand technical areas, would provide the basis for job placement in high-paying, career-oriented occupations.

We are not proposing a conceptual framework but a system of training which has proven successful for Hampden County, Mass. Over the past decade, 5,000 graduates of the Hampden County skills training program have been placed in jobs using this type of manpower training system. It can be used by any type of training institution, from dedicated skills centers to more generalized technical colleges and vocational training schools. It has worked for Hampden County for a variety of population groups and segments, and can work equally well in other geographical areas of the country.

Going away from the prepared text, I would like to point out that in the last year two major corporations, Wang Laboratories and Prime Computer, made decisions to expand their facilities in western Massachusetts, and the chairman of the board of Prime Computer in Springfield, Mass. stated that his primary reason for coming to western Massachusetts from the Boston area was due to the sophistication of the Hampden, Mass. skill center. We prepared a test case providing them with some 20 people over a period of 6 months. Those people proved to be so successful that Prime Computer has decided to build a major plant in West Springfield, which is adjacent to the city of Springfield. We have been involved in the retraining of teachers and those who have been impacted by foreign competition, those involved in the Trade Adjustment Act program, and have been very successful in training those people at low levels of costs. The skill center at Hampden is an integral component, has equal representation. We sit on the board. We are the biggest businessmen and elected officials in Hampden County. The skill center plays a role in the process of economic development and we go throughout New England and the Northeast meeting with major corporations trying to tempt them to come to our area.

At the same time we recognize the needs of the chronically unemployed. We have been working with those people since 1963 in the MDTA program. It is my belief that if we begin to provide credibility through skills training, the chronically unemployed will also be impacted due to the fact that employers will be looking for the types of people you are training not only at advanced levels but also at the entry level.

We do train handicapped people. We have a major program for the deaf. We have programs for high school students who are dead-ended in academic programs which lead nowhere. So it is this kind of philosophy that we are trying to unfold, given the fact that we have already done it successfully.

Thank you very much.

Mr. **Jeffords**. Thank you.

[Material submitted by Frank Gulluni follows:]

# PREPARED STATEMENT OF FRANK D. GULLUNI, SPECIAL ASSISTANT FOR PRIVATE INDUSTRY DEVELOPMENT TO THE MAYOR, SPRINGFIELD, MASS.

## EXECUTIVE SUMMARY EMPLOYMENT AND TRAINING POLICIES: OPTIONS FOR FUTURE DIRECTION

A COMPREHENSIVE MANPOWER DELIVERY SYSTEM, DEVELOPED AND GUIDED AT THE NATIONAL LEVEL, IS AS NECESSARY FOR THE FUTURE GROWTH AND COMPETITIVENESS OF THIS COUNTRY AS IS A COMPREHENSIVE SYSTEM OF NATIONAL DEFENSE. EMPLOYMENT AND TRAINING POLICIES AND PROGRAMS AT THE FEDERAL LEVEL ARE THE KEY ELEMENTS IN DETERMINING THE FUTURE DIRECTION THAT MAJOR ASPECTS OF OUR ECONOMIC FUTURE WILL TAKE. IN ADDITION TO PROVIDING CAREER EMPLOYMENT FOR JOBSEEKERS, NATIONAL EMPLOYMENT AND TRAINING POLICY INITIATIVES CAN ALSO PLAY A KEY ROLE IN SUCH AREAS AS ENHANCING MANPOWER RESOURCES, FOSTERING ECONOMIC DEVELOPMENT, REDUCING WELFARE DEPENDENCY AND CHRONIC UNEMPLOYMENT, AND GENERATING ADDITIONAL TAX REVENUES.

FEDERAL PARTICIPATION IN EMPLOYMENT AND TRAINING PROGRAMS IS MANDATORY IF WE ARE TO MEET THE LONG-TERM NEED FOR SKILLED AND TRAINED WORKERS IN OUR TECHNOLOGICALLY ADVANCING SOCIETY. THE PRIVATE SECTOR IS UNABLE TO MAKE THE SUBSTANTIAL INVESTMENT IN MONEY, TIME AND PERSONNEL NECESSARY TO SATISFY THESE EXTENSIVE TRAINING NEEDS IN THE ABSENCE OF FEDERAL SUPPORT.

WE BELIEVE THAT THE BEST METHOD FOR MEETING THESE TRAINING NEEDS IS THROUGH AN APPROACH SUCH AS THE SEQUENTIAL TRAINING AND EMPLOYMENT PROGRESSION SYSTEM (STEPS). THIS TRAINING AND EMPLOYMENT SYSTEM IS SEQUENTIAL IN NATURE, WITH MOVEMENT THROUGH THE SYSTEM BASED ON THE PROGRESSIVE ATTAINMENT OF THOSE COMPETENCIES AND SKILLS NECESSARY FOR CAREER EMPLOYMENT. THE FOUNDATION OF THE SYSTEM IS THE DEVELOPMENT OF MARKETABLE ADVANCED SKILLS COUPLED WITH POSITIVE WORK HABITS, WHICH WILL LEAD TO THE GOAL OF CAREER EMPLOYMENT FOR JOBSEEKERS.

THE STEPS PROGRAM WOULD CONSIST OF FOUR MAJOR COMPONENTS OR PHASES, INCLUDING AN IN-DEPTH VOCATIONAL AND ACADEMIC ASSESSMENT, DEVELOPMENT OF POSITIVE WORK HABITS, ADVANCED SKILLS TRAINING (TO INCLUDE APPROPRIATE REMEDIAL EDUCATION AND LANGUAGE TRAINING), AND JOB DEVELOPMENT AND PLACEMENT. THE UNDERPINNING PHILOSOPHY OF THE PROGRAM IS THAT LEARNING TO WORK IS AS IMPORTANT AS DEVELOPING A MARKETABLE SKILL. COMPETENCY-

BASED ADVANCED SKILLS TRAINING PROGRAMS, IN SUCH AREAS AS COMPUTER TECHNICIAN, TOOL AND DIE MAKER, DRAFTING, DATA PROCESSING, AND OTHER HIGH DEMAND TECHNICAL AREAS, WOULD PROVIDE THE BASIS FOR JOB PLACEMENT IN WELL-PAYING, CAREER-ORIENTED OCCUPATIONS.

WE ARE NOT PROPOSING A CONCEPTUAL FRAMEWORK BUT A SYSTEM OF TRAINING WHICH HAS PROVEN SUCCESSFUL FOR HAMPDEN COUNTY, MASSACHUSETTS. OVER THE PAST DECADE, 5,000 GRADUATES OF THE HAMPDEN COUNTY SKILLS TRAINING PROGRAM HAVE BEEN PLACED IN JOBS USING THIS TYPE OF MANPOWER TRAINING SYSTEM. IT CAN BE USED BY ANY TYPE OF TRAINING INSTITUTION, FROM DEDICATED SKILLS CENTERS TO MORE GENERALIZED TECHNICAL COLLEGES AND VOCATIONAL TRAINING SCHOOLS. IT HAS WORKED FOR HAMPDEN COUNTY FOR A VARIETY OF POPULATION GROUPS AND SEGMENTS AND CAN WORK EQUALLY WELL IN OTHER GEOGRAPHICAL AREAS OF THE COUNTRY.

## II. EMPLOYMENT AND TRAINING POLICIES: OPTIONS FOR FUTURE DIRECTIONS

A comprehensive manpower system, developed and guided at the national level, is as necessary for the future growth and competitiveness of this country, as well as is a comprehensive system to help insure national defense. High unemployment, lagging productivity and the reducing capacity to compete successfully on an international basis with other technologically advanced countries must be addressed directly and remedied, if this country is to maintain its leadership role in the world.

Employment and training policies and programs at the federal level are the key elements in determining the future direction that major aspects of our economic future will take. We recognize that the primary and overriding objective of a manpower delivery system should be career employment for jobseekers, particularly the disadvantaged, through matching and/or adapting jobseekers' skills and jobs in the most cost-effective manner possible. However, employment and training initiatives can also play a key role in a variety of areas of critical concern to the economic and social health of this country as shown in the following chart. Developed and administered in the appropriate ways, these initiatives can play a key role in:

## III. WHY EMPLOYMENT AND TRAINING PROGRAMS?

1. Economic development on an area and national scale, through plans and programs that serve the mutual needs of jobseekers and employers.

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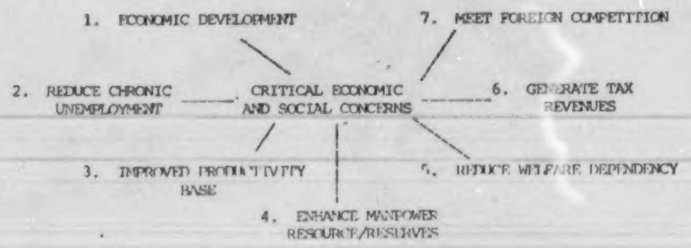
2. Providing a "second chance" to chronically unemployed jobseekers to develop marketable skills and access long-term career employment.
3. Improving the productivity base of the United States by fostering policies and programs that provide skills training and retraining to meet the needs of business and industry.
4. Developing the manpower resources of the United States in a comprehensive and systematic manner, through the realization that manpower resources are critical to the long-term future of this country.
5. Reducing welfare dependency of a significant segment of the population that otherwise would be unable to develop self-sufficiency through individual effort.
6. Generating increased corporate and individual tax revenues through increased employment and productivity.
7. Helping business and industry in this country to compete successfully in the world economic marketplace with foreign corporations that often are heavily subsidized by their respective governments.

CHART I. WHY EMPLOYMENT AND TRAINING PROGRAMS?


1. ECONOMIC DEVELOPMENT
7. MEET FOREIGN COMPETITION
2. REDUCE CHRONIC UNEMPLOYMENT
CRITICAL ECONOMIC AND SOCIAL CONCERNS
6. GENERATE TAX REVENUES
3. IMPROVED PRODUCTIVITY BASE
5. REDUCE WELFARE DEPENDENCY
4. ENHANCE MANPOWER RESOURCE/RESERVES

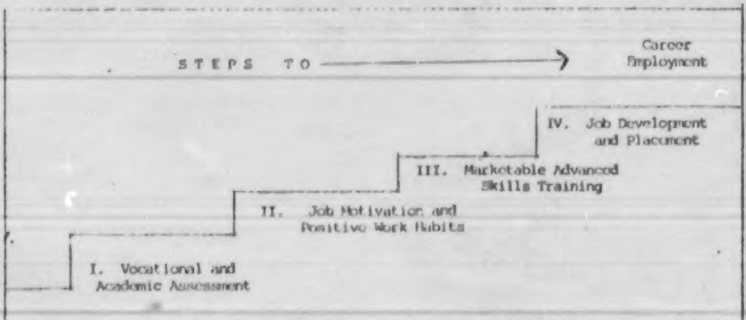
## IV. ROLE OF THE FEDERAL GOVERNMENT

The degree of participation on a national scale by the federal government in employment and training initiatives is a matter of choice. If the decision is to do little or nothing at the national level, we will see developed an ever-growing pool of alienated, unskilled youth and adults requiring government subsidy payments to survive, while at the same time a number of skilled and technically oriented jobs will remain unfilled for want of qualified workers. This grim future is certainly predictable, for we see these trends developing at the current time despite a plethora of major government programs designed to deter just such developments.

The belief in some quarters that the private sector will assume the employment and training slack if the federal government significantly reduces or minimizes its efforts in this area is highly unlikely. Our experiences indicate that the private sector is not in a position to make the substantial investment in money, time or personnel in order to undertake the very complex and demanding training and employment endeavors that would be created by the federal vacuum. Where an individual could once be hired and trained in a matter of a few days or weeks at most, it now takes months and years to meet the skilled requirements of many of our very competitive industries. The world market is moving toward increased job sophistication, including automation of large numbers of unskilled and semi-skilled labor functions that were once available to large segments of our population. Now is the time for a major new initiative in our training and employment policies; employment and training policy must meet the challenges of the 1980's by providing advanced skills training.

## V. SEQUENTIAL TRAINING AND EMPLOYMENT PROGRESSION SYSTEM (STEPS)

We believe that a comprehensive manpower delivery system is absolutely essential to the future of this country. We believe that the best method for accomplishing this goal is through a manpower training system that we can best describe as the Sequential Training and Employment Progression System (STEPS). This training system consists of four major components or phases, and is illustrated in Chart 2. This training and employment system is sequential in nature, with movement through the system based on the progressive attainment of those competencies and skills necessary for career employment. It can be delivered through a variety of institutional formats, including vocational training schools, skills centers, technical colleges and other skills training institutions. The foundation of the system is the development of marketable advanced skills coupled with positive work habits, which will lead to the goal of career employment for job seekers.


STEPS TO
Career Employment
IV. Job Development and Placement
III. Marketable Advanced Skills Training
II. Job Motivation and Positive Work Habits
I. Vocational and Academic Assessment

SEQUENTIAL TRAINING AND EMPLOYMENT PROGRESSION SYSTEM

## PROGRAM COMPONENTS

A. Vocational and Academic Assessment - The first phase of the Sequential Training and Employment Progression System (STEPS) would consist of an in-depth vocational and academic assessment, with the purpose of determining individual capabilities, skills, and interests, as well as establishing and clarifying career occupational goals.

This assessment would consist of vocational survey instruments, individualized testing, and generalized hands-on vocational assessments. An important facet of this phase is that it be set in a structured academic/vocational environment and thus be reflective of what could be anticipated by clients whose vocational direction indicated a need for basic remedial education, language skills development, as well as occupational skills. It would include those tests needed to define and identify accurately the current academic levels of the individual in relation to the occupational training objectives being considered.

B. Job Motivation and Positive Work Habits - An integral part of STEPS is the development of positive work habits and values and the continued nurturing and maintenance of motivators to challenge each participant to achieve occupational goals successfully. This process continues throughout the period of time that the participant is enrolled in STEPS, and would be coordinated as a high support effort by program managers and operators at every level.

This development of work attitudes and habits is a key element of the program. Manpower planners and operators at the local level are only too familiar with the often repeated comments of employers, "Send me motivated workers who come to work every day and on time, who show up on Monday as well as payday, and who are willing to put in a full day's work for a full day's pay."

STEPS is designed to foster and develop those positive work values and habits which have traditionally led to successful long-term employment. This would be accomplished through a philosophy inherent to the program that learning to work is as critical as learning a marketable skill. Vocational skills training would be tailored to simulate the work place, and a wage system would be substituted for the allowance payment, thereby initiating participants to their long-term responsibilities to have income taxes and social security retirement withheld. Workplace rules would be established in the training and classroom environment, pay would be docked for infractions of attendance policies, and positive work habits and values would be stressed at all times.

C. Marketable Advanced Skills Training - Participation in advanced skills training is the pivotal activity of the STEPS developmental approach. STEPS offers each individual competency based skills training programs with clearly defined prerequisites for progression in each occupational cluster. The ultimate goal for each individual is to develop marketable skills in an advanced training area. This would would be reached only after a performance evaluation was completed to certify the acquisition of skills in a particular occupational area.

Skills training would consist of a variety of options based upon labor market needs in the various geographical areas of the country. For example, in the New England area such training areas as Machine Operations, Computer Technician, Tool and Die Apprenticeship, Data Processing, and Advanced Clerical Training would be appropriate based upon labor market needs.

Advanced skills training alternatives would be provided for those individuals who demonstrate the maturity, interest and aptitude to benefit from an intensive, academically demanding, longer term training program. The STEPS program encourages participation primarily in technical and advanced training to provide each person with maximum opportunities in high demand, well-paying occupations. It should be noted that this system will provide exit competencies from entry level to advanced levels thereby accommodating both the individual need and the needs of industry.

Remedial education, including basic academic skills development, training related academic upgrading, preparation for high school equivalency exams and English-as-a-Second Language training would be closely linked with all phases of the individual's program activities, from assessment to job development and placement. Programs would be tailored to the interest and capacity of the participant, by gradually introducing academic remediation to the level of intensive remediation needed to develop the academic proficiencies needed for advanced skills training.

D. Job Development and Placement - The culminating phase of STEPS would concentrate on job development and placement activities for each program completer. Participants would be gradually involved in increasingly sophisticated world of work instruction throughout the program. At this point, the major emphasis would be on prerequisite skills necessary to obtain and maintain a job with career potential. Within this framework, classes would be held in interviewing skills, resume' writing, appearance, communication skills, and peer/supervisor relationship building.

Once the individual is job ready, job interviews would be established through a variety of available mechanisms, to include "job clubs" type programs, where appropriate. The acquisition of a marketable skill, coupled with the fostering of appropriate work habits, and an aggressive job placement program, should provide a high success rate for program completers seeking career employment. These skills would reflect the labor market needs of the 1980's: advanced skills.

## VI. WHY ADVANCED SKILLS TRAINING?

We are proposing this new orientation for employment and training policies because of our extensive successful experience in operating training programs here in Hampden County, Massachusetts. Over the past ten years, we have come to realize that advanced technologically oriented delivery systems are required to meet the needs of our industries. We are not proposing a conceptual framework but a proven system of training, for we have trained and placed more than 5,000 Skills Center participants. It has worked for Hampden County for a variety of population groups and segments and can work equally well in other geographical areas of the country. It can be used by any type of training institution, from dedicated skills centers to more generalized technical colleges and vocational training schools.

The following chart illustrates the effectiveness of this approach with a variety of key employers in the New England area who have hired graduates from this training approach. The chart does not include the many small and medium-sized businesses and industries that have also benefited from hiring graduates from our skills training programs. The list covers the entire gamut of occupational clusters, including graduates of advanced training programs in such areas as Electronics Service and Computer Technician, Drafting, Data Processing Technician, and Tool and Die Apprentice Machinists.

MAJOR NEW ENGLAND EMPLOYERS

CAREER EMPLOYMENT PLACEMENTS: 1970 - 1981

| Corporation | Skills Training Graduates Hired |
|---|---|
| American Bosch Company, Division of United Technologies | 55 |
| Digital Equipment Corporation | 200 |
| Baystate Medical Center | 90 |
| Hamilton Standard Corporation, Division of United Technologies | 25 |
| Massachusetts Mutual Life Insurance Company | 30 |
| Milton Bradley Company | 275 |
| Pratt & Whitney, Division of United Technologies | 70 |
| Wang Laboratories | 25 |

# skills training: the keystone to economic development

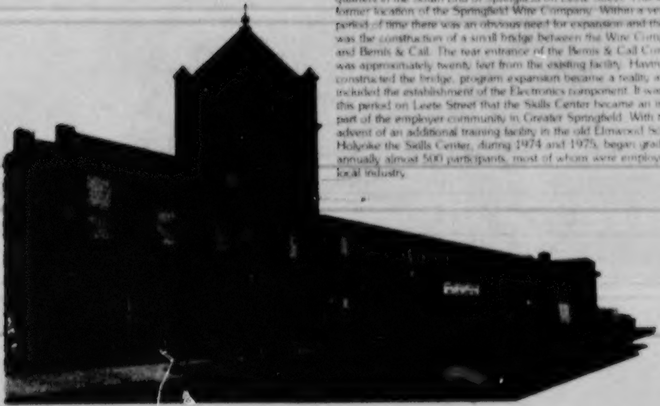
HAMPDEN DISTRICT REGIONAL
SKILLS CENTER

# skills center history

The Hampden District Regional Skills Center was founded in 1970 in the former Rex Chain Belt facility on Plainfield Street, Springfield. The evolution of a self contained manpower training program came as the result of a series of meetings between Frank D. Gulluni, Edward S. Kosior — Director of Putnam, and Springfield School Superintendent Dr. John E. Deady. Prior to this point the training component had been housed within the existing Putnam Vocational Technical High School. Given the constraints of sharing a facility with an on-going population of youth, a decision was made to separate the manpower component. In September, 1970, with the assistance of Paul Brown, Supervisor, State Department of Occupational Education, the Skills Center became a reality. The funding agent at that time and through 1974 was the predecessor to CETA, the Manpower Development and Training Act of 1963. During the closing months of 1970 the Skills Center opened its doors with an instructional configuration of eight and a student population of fewer than one hundred. Program offerings were very limited, and the recognition was constantly present that to succeed in this major endeavor required a significant increase in programs and population. Soon thereafter, Skills Center personnel met with the State Department of Occupational Education and the local office of the Division of Employment Security. Collectively, a grant was developed and subsequently funded at the rate of $250,000. This major breakthrough provided the impetus to engage in a transitional stage out of which arose increased programming and greater numbers of participants. In 1973 the Skills Center was accorded national recognition and officially stamped as one of only sixty accredited Skills Centers in the United States.

At this juncture in its brief history, the Skills Center was offering to the local employer community approximately 300 graduates annually in programs that included Clerical, Food Services, Air Conditioning and Refrigeration, Small Engine Repair and Nursing Assistant.

In 1974 the Plainfield Street location was scheduled for demolition, as it was to become part of the land taken for the New North School complex. Having pursued very intensively the availability of appropriate facilities, the Skills Center administration settled on quarters in the South End of Springfield on Leete Street. This was the former location of the Springfield Wire Company. Within a very short period of time there was an obvious need for expansion and the result was the construction of a small bridge between the Wire Company and Bemis & Call. The rear entrance of the Bemis & Call Company was approximately twenty feet from the existing facility. Having constructed the bridge, program expansion became a reality and included the establishment of the Electronics component. It was during this period on Leete Street that the Skills Center became an integral part of the employer community in Greater Springfield. With the advent of an additional training facility in the old Elmwood School in Holyoke the Skills Center, during 1974 and 1975, began graduating annually almost 500 participants, most of whom were employed in local industry.



Within two years of the relocation to Leete Street, the Springfield Wire Company business began expanding and as a result the Skills Center was unable to continue its lease arrangement for 1975. At that juncture, and given the fact that the South End of Springfield seemed to be an appropriate location for the training population, the pursuit, once again, was on to locate adequate quarters for the expanding population of eligible residents throughout Hampden County.

It should also be noted that at this time the CETA program succeeded MDTA. The Skills Center became a CETA entity in January 1975 and almost concurrently moved into facilities in the South End located at 322 and 340 Main Street. During the following 3½ years introduced into the curriculum were such programs as Welding, Sheet Metal, Machine Occupations, Electronics Test Technician, Computer Technician, Graphics, Drafting Technology, Tool and Die, Respiratory Therapist, Auto Mechanics, and Auto Body. Literally, the whole concept of the program had changed perceptibly to become an even greater force in the economic development picture throughout the industrial community in the Pioneer Valley.

With CETA's major initiatives changing during 1977-1978 from public service employment to skills training programs, and due to inadequate and unsafe conditions in the Main Street quarters, it became obvious that the Skills Center needed much more space than was presently available in both its Springfield and Holyoke training sites. Again, the search was under way to locate buildings consistent with the growing needs of employers in the area. During the first part of 1979 the Skills Center in Holyoke was transferred to the former Holyoke Community College site on Sargeant Street. Not only did the Skills Center move into a much more modern building, but perhaps even more importantly, expanded its space availability in excess of 20,000 square feet. In Springfield an ideal location was found at 140 Wilbraham Avenue. The former Diamond National Company provides approximately 105,000 square feet of space, which more than doubles the square footage of the buildings at 322 and 340 Main Street.

Essentially, effective the month of October, 1979, the Hampden District Regional Skills Center will be housed in Springfield and Holyoke in combined space of more than 150,000 square feet. This capability will enable the Skills Center to continue to work closely with the Hampden County Manpower Consortium and to expand beyond that point as a non-profit-making institution to evolve even closer liason with business and industry throughout the Hampden County region.

With the advent of the Private Industry Council, there appears to be every opportunity that within the next year the Skills Centers in Springfield and Holyoke will train and graduate in excess of 2,000 participants. It is anticipated there will be significant expansion evolving especially in the occupational clusters of Electronics and Machine. There is every expectation during the next 12-18 months that more than 1,200 graduates within these two clusters will be available to industries in Western Massachusetts. The Hampden County Manpower Consortium, the Private Industry Council, the Hampden District Regional Skills Center, the State Department of Manpower Development, the Office of Commerce and Development and the elected leadership in each of the County's twenty-three cities and towns expect to work coordinately and cooperatively with the private sector to insure that major economic development efforts in Hampden County become a reality. Certainly, the expansion of skills training programs to the level described in this brochure and, as you can observe from your tour of the Springfield facility, proves unequivocally that Hampden County elected officials, manpower representatives and local employers are working to insure the future economic growth and success of the community.

# people make it work

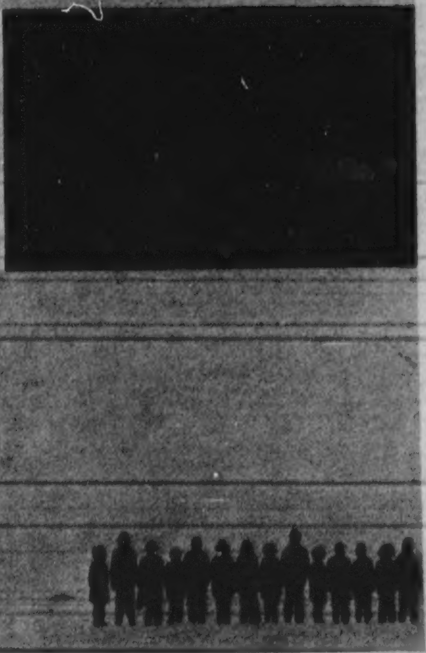
Legislators, including Senators Kennedy and Tsongas and Representatives Boland and Conte, make the Hampden District Regional Skills Center work by becoming involved in the granting of appropriate funding to support such skills training centers. These same individuals have also employed their legislative talents to insure the passage of the new CETA Title VII, which brings into focus for the first time the total involvement and participation of the private sector in the CETA system. Frank D. Gulluni, Michael J. Russo and Hank J. Dauphinais, Hampden County Manpower Consortium, and Anthony M. Melli, David M. Crowe and Norman T. Melli, Skills Center Supervisors, administer the executive details and oversee the management of this major skills training facility.

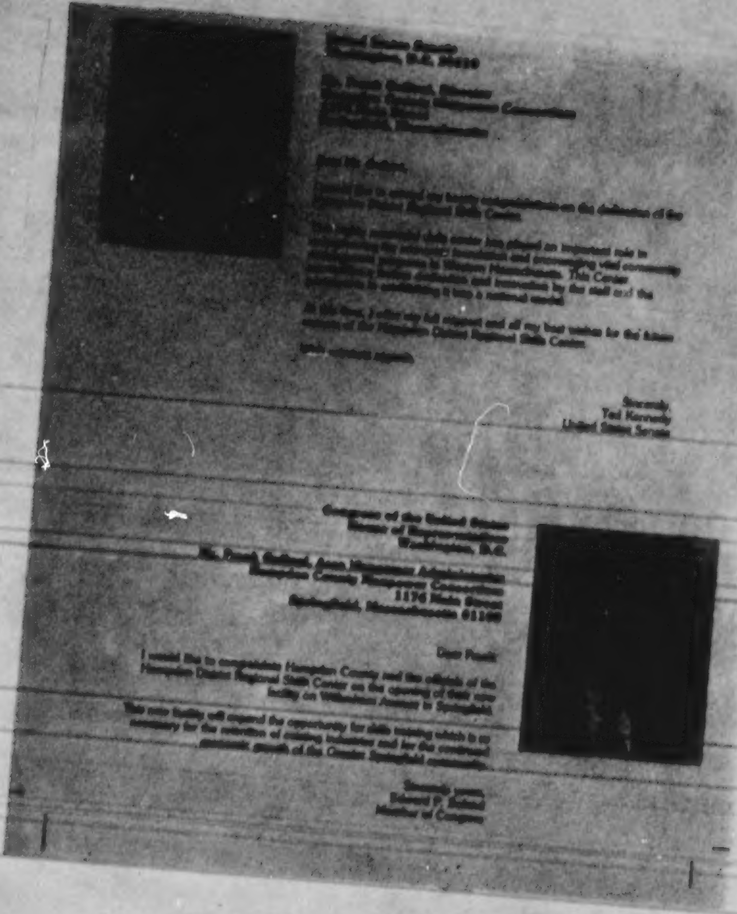
Skills Center counselors and instructors make the program work through their diligence and perseverance in insuring that graduates of the program have received training and services compatible with the transition to the private sector.

Business and industry make the Skills Center work through their continuing faith in the Skills Center administration and as a result of their hiring and [illegible] Skills Center participants.

Most importantly, it is the striving participants who make the Skills Center work successfully. As a result of their desire to succeed and enter the world of work the Skills Center has become an integral part of the economic development picture in Western Massachusetts.

All of these people — legislators, Skills Center and Consortium administrators and personnel, business representatives, CETA Center staff and Skills Center participants — make it work — by each one ensuring that the Hampden District Regional Skills Center is now considered among the leading skills training facilities in the country. The Skills Center has become a viable asset to Hampden County residents — PEOPLE in our community [illegible] it work.





United States Senate
Washington, D.C. 20510

Mr. [illegible], Director
Hampden County Manpower Consortium
1176 Main Street
Springfield, Massachusetts

Dear Mr. [illegible]:

I would like to extend my hearty congratulations on the dedication of the Hampden District Regional Skills Center.

This highly successful skills center has played an important role in [illegible] the economic [illegible] and encouraging vital community [illegible] programs in Western Massachusetts. This Center [illegible] dedication and innovation by the staff and the [illegible] in establishing it into a national model.

At this time, I offer my full support and all my best wishes for the future success of the Hampden District Regional Skills Center.

With warmest regards,

Sincerely,
Ted Kennedy
United States Senator

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Congress of the United States
House of Representatives
Washington, D.C.

Mr. Frank [illegible], Area Manpower Administrator
Hampden County Manpower Consortium
1176 Main Street
Springfield, Massachusetts 01103

Dear Frank:

I would like to congratulate Hampden County and the officials of the Hampden District Regional Skills Center on the opening of their new facility on Wilbraham Avenue in Springfield.

This new facility will expand the opportunity for skills training which is so necessary for the retention of existing industries and for the continued economic growth of the Greater Springfield community.

Sincerely yours,
Edward P. Boland
Member of Congress

United States Senate
Washington, D.C. 20510

Mr. Frank D. Gulluni
Area Manpower Administrator
Hampden County Manpower Consortium
1176 Main Street
Springfield, MA

Dear Frank:

It gives me great pleasure to offer you my congratulations on the opening of the new Skills Center in Springfield. This opening marks a significant expansion of job training services provided by the Skills Center which are needed for the continued economic growth and development in the area.

The importance of the Springfield Skills Center to the overall economy of the area cannot be overstated. I have not spoken with a single businessman or community leader from Springfield who has not mentioned this program in a discussion of crucial ingredients in the city's revitalization efforts.

I am happy to have been able to support the Skills Center in efforts to obtain monies for the rehabilitation of their new facilities and I offer my support and assistance from my end in the future.

Sincerely,
Paul E. Tsongas
United States Senator

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Congress of the United States
House of Representatives
Washington, D.C. 20515

Mr. Frank D. Gulluni
Area Manpower Administrator
Hampden County Manpower Consortium
1176 Main Street
Springfield, Massachusetts 01103

Dear Mr. Gulluni:

I was very pleased to hear of the scheduled Grand Opening of the new Hampden District Regional Skills Center in Springfield, slated for October, 1979. My constituents from Hampden County will indeed be fortunate to have this new facility at their disposal.

The opening of the new facility for the Skills Center and the subsequent increase in training capabilities from 1,200 to 2,500 people per year will heighten this positive impact. The contribution to the local economy is not only in the form of assistance to the unemployed, but it will also help to attract new industries to the area and retain those already here.

Yet the most glowing tribute that can be made to the Hampden County Skills Center is in the individuals it has helped. It has taken people who were down and out — people with no job and no marketable skills — and has provided them with a future. The opening of this new facility means that even more of the unemployed will have this opportunity. And this not only makes their future brighter, but ours as well.

Cordially yours,
Silvio O. Conte
Member of Congress

**The Commonwealth of Massachusetts**
**Executive Department**
**State House, Boston 02133**

**The Honorable Theodore E. Dimauro**
**Mayor of Springfield**
**City Hall**
**36 Court St.**
**Springfield, MA 01103**

Dear Mayor Dimauro:

Congratulations on your completion of the New Hampden District Regional Skills Center.

You and the Hampden County Manpower Consortium (HCMC) have every reason to be proud of the opening of this new facility. In addition to meeting labor shortages faced by many area businesses, you are providing an excellent opportunity for unemployed and economically disadvantaged citizens to find permanent, unsubsidized jobs.

As you know, we hope to replicate the success of the Springfield Skills Center in at least four other areas of the Commonwealth. With guidance and assistance from Frank Gulluni, HCMC Director, we hope to enjoy the same fine completion and placement rates as those achieved by the skill center in Springfield. As an important component in the State's economic development strategy, we see the four regional skill centers as a major catalyst in getting industries to locate and expand in Massachusetts.

Again, congratulations!

Sincerely,
Edward J. King
Governor

36 Court Street
Springfield, Ma. 01103

As the Chairman of the Executive Committee for the Hampden County Manpower Consortium and Mayor of the City of Springfield, I wish to take this opportunity on behalf of the 20 communities which comprise our County to congratulate the Hampden District Regional Skills Center on its recent expansion program, which has resulted in new facilities at 140 Wilbraham Avenue, Springfield.

The Skills Center, for some period of years, has performed a major role in the economic community of Hampden County and, more importantly, has impacted significant numbers of unemployed residents. As a result of their involvement with the Skills Center and CETA, these individuals are now employed in full-time, unsubsidized positions, most of which are career-oriented.

I am certain we will continue to observe a very positive relationship between the Skills Center and private industry. The private sector has a continuing need for trained personnel and the Skills Center has continually responded to the labor market demands of significant numbers of local employers. I am most proud to have been involved in the Skills Center's expansion program and I fully anticipate continued growth and success for the Skills Center and the Hampden County Manpower Consortium.

Congratulations,
Theodore E. Dimauro
Mayor — City of Springfield

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The City of Springfield, Massachusetts
Hampden County Manpower Consortium
1176 Main Street

As the Director of the Hampden District Regional Skills Center since its inception in 1970 and through March, 1978, I have always recognized the Skills Center's major objective is to perform a valuable service both to the employer community and the economically disadvantaged population. To some degree this goal has been achieved during the past nine years, however, with the advent of the new Skills Center at 140 Wilbraham Avenue and expanded skills training facilities in Holyoke, there is no doubt that the Skills Center, in conjunction with the Hampden County Manpower Consortium, will perform a critical role in the entire process of economic development in Hampden County.

Presently, more than 200 employers annually accept graduates from the Skills Center for full-time, unsubsidized employment. In the next year I expect that number to increase to more than 300 employers, as the Skills Center will be training significantly more than 2,000 participants for career opportunities within local industry.

I wish to take this opportunity to congratulate both the administration and staff of the Skills Center. These individuals have proven unequivocally that CETA can be a viable mechanism for training the disadvantaged for employment opportunities in the private sector. As we proceed into our tenth year of Skills Center activities, I look forward to even greater success in training Hampden County residents for viable and long-term employment opportunities with local industry.

Congratulations,
Frank D. Collins
Area Manpower Administrator

## 3 4

## Employment and Training

The Skills Center offers to each participant an in-depth program designed exclusively to meet the needs of the participant. The first and perhaps most significant component of Skills Center activity is the Orientation and Assessment format. During this timeframe of 3.5 days the client is provided a number of hands on and formal assessment batteries. The primary objective is to determine the most appropriate occupational cluster and to establish further the needs for academic remediation and other supportive services. Subsequent to the completion of this mechanism a number of counseling sessions are convened with the client in order to insure the evolvement of a program that is compatible with the needs of the individual. Within the Skills Center there are available a minimum of fourteen occupational clusters, anyone of which might be appropriate for the client who has recently completed the Assessment program. In addition to the occupational training, the Skills Center features a number of other components that include English As A Second Language, high school equivalency, remedial education, vocational and personal counseling, job orientation, training related programs of mathematics and blueprint reading and job development, placement and follow up. The Skills Center is successful in transitioning participants to the private sector due to its recognition that all of the participants' needs must be served.

## 5

## World of Work

The World of Work component, as instituted by Skills Center personnel, has proven to be a major catalyst in the overall success pattern of Skills Center participants. As a result of the outstanding efforts that are made by the personnel in this services component, significant numbers of Skills Center graduates are provided greater opportunity for success in the local labor market. The trainee commences activities within the World of Work component at the same time that the occupational cluster is established. Throughout the timeframe that the participant is involved in occupational training at the Skills Center there is also established a minimum requirement of two hours each week in the World of Work mechanism.

## 6

## Services Provided to Employers

For some period of years the Skills Center has been working closely with local industry. During the past five years more than 3,000 Skills Center graduates have accepted full-time unsubsidized employment in the local labor market. The Skills Center has always listened very attentively to the needs expressed by business and industry. As a result the Skills Center has averaged the implementation of one or two new training components each year. It is essential to the future of the Skills Center and its participants that the relationship between Skills Center personnel and industry continues to grow and prosper.

# what industry is saying

*"We are grateful to have a ready source of trained applicants available when needed. The Skills Center is one of the few agencies which we can honestly state is ever ready and able to render supportive services on a continuous basis."*

MARVIN H. JONES
EMPLOYMENT SECTION
SUPERVISOR
AMERICAN BOSCH

*"The quality of applicant referred by the H.D.R. Skills Center exceeds any other agency with which we deal. Their skills, work habits and attitudes that the Skills Center has helped develop have become an asset of the Milton Bradley Company."*

MICHAEL D. NIZIOLEK
Manager Employee Development & Training
MILTON BRADLEY COMPANY

*"The Skills Center graduates that we hire are some of the best qualified and certainly the most motivated employees we now have on staff."*

GLENN CRATTY
REGIONAL PERSONNEL
REPRESENTATIVE
DOW JONES — THE WALL
STREET JOURNAL

# ceta and the skills center residents for employment

*Initial contact provides overview of CETA process and Skills Center services.*

*Information Center further identifies vocational interests along with educational and employment options.*

*Phase Two assessment includes work sampling and standardized testing along with occupational assessments to identify aptitudes for and specific interest in vocational training.*

"The job preparation training at the H.D.R. Skills Center has created a positive attitude not found in many employees recruited from other technical schools."

WALT BROWN — PRODUCTION MANAGER
Small Tapes Division
DIGITAL CORPORATION

"The majority of our entry level applicants must have some knowledge of blueprint reading and machinery background. The Skills Center has been able to refer applicants to us who have this type of training and the ones we hired have worked out very well. Teleflex feels the Skills Center is providing a worthwhile service to the community."

ANN WENGSTROM — PERSONNEL SUPERVISOR
TELEFLEX

# assess and prepare community opportunities in local industry . . .

*Phase One assessment enables client to experience interest related hands-on tasks*

*Vocational counseling synthesizes the results of Phase One for subsequent Skills Center referral*

*Determination of (CETA) eligibility includes meeting unemployment and financial criteria*

*Pre-Assessment interview identifies clients vocational interests and career goals*

*Successful completion of training provides needed skills and positive attitude for beginning a career*

# people tested and assessed in classroom training *and* placed in jobs ...

### Graphics

While developing competency and writing up and operating an offset press, including 2-color publications, trainees also establish skills and related photographic, layout and basic artistic techniques. This is accomplished during a 16-week occupational training phase. The program provides appropriate preparation for employment in several areas of the graphics industry.

### Machine Occupations

The Machine Occupations program provides a tri-level approach, emanating with a Level I program of some 18 weeks and progressing through our second level of 23 weeks, which includes, in addition to the Basic Machine Occupations component, instruction in the areas of bridgeport, jig bore and numerical control. The final phase is the Tool and Die program, which entails a 38-week training format and provides opportunity for the graduate to enter employment as a second-year apprentice.

### Clerical

The Clerical program is operated at two levels, the first of which is a basic 18-week component designed to provide the participant the necessary skills to accept entry level employment. For those who indicate additional potentials there are available a number of advanced skills, including stenography and bookkeeping and medical secretary.

### Computer Technician

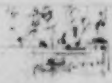
Sophisticated instruction in electronic computers and peripheral equipment, theory of operation and maintenance during 20-26 weeks that include computer terminology and introduction to programming, advanced integrated circuit theory and applications, mini-computer concepts and programming, and basic mini-computer theory and maintenance.

### Electronics Assembly

Trainees acquire proficiencies that include soldering, identification of components, wire wrapping, wire cutting and stripping, color coding and the construction of modules by following a model accurately during a 12-week framework.

## Auto Mechanics

Eighteen weeks of training develops trainees' skills in basic functions of major automobile components and systems and in identification and use of proper tools for auto repair, engine tune ups, trouble shooting and repair of brake systems, standard transmissions and automotive engines, among others, as preparation for entry level employment.



## Plant and Building Maintenance

Provides skills ranging from carpentry and masonry to plumbing and electrical wiring. Twenty-three week course includes blueprint interpretation, use of proper tools, OSHA standards, basic wiring, framing and layout techniques.

## Drafting

The ability to make detailed drawings from sketches and layouts is the major objective of the 23-week program that includes developing sections and views of various figures, familiarity with machine parts and standard parts and symbols.

## Food Services

Offers trainees 16 weeks of instruction in food preparation with primary emphasis on cooking and baking. Trainees acquire expertise in other related areas including understanding of recipes, food costs, quality and sanitation. Additional skills are acquired in planning, preparing and combining various menus and main dishes.

## Sheet Metal

Acquiring needed skills in a 17-week program prepares trainees for entry-level employment in industry or construction. Trainees learn to set up and operate roll, brake, shears and grinders in conjunction with related math and blueprint interpretation.

## Auto Body Repair

A 22-week program providing skills in proper use of related tools, auto body metal work, painting and welding procedures, automotive glass replacement and frame straightening and repair.

The Wash

TUESDAY,

# Skills Center: A Federal Job

By Warren Brown
Washington Post Staff Writer

SPRINGFIELD, Mass. — Frank Gulluni likes to show the letters.

He pulls out one from the rapidly growing Digital Equipment Corp., a computer firm, praising the technical competence and the attitude of his trainees, black and white alike. He offers another from Smith & Wesson, a maker of moderate-to-high-priced firearms, thanking him for "referring qualified candidates for jobs." He points to one from Dow Jones & Co. Inc. that says the people the company hired from Gulluni's Hampden District Regional Skills Center "are some of the best qualified and certainly the most motivated employes we now have on our staff."

Gulluni, 37, a redheaded Italian with a slight paunch, bounds from his seat.

"We're doing a job here!" he says with evangelical zeal. "We have a commitment to training here. That's it. Training is the answer, not this public service employment b—t."

Gulluni blushes. He is not easily given to vulgarity, but sometimes, especially when he talks about the skills center, he gets a little excited.

What Gulluni and his staff have done is, indeed, phenomenal. They have taken a much-maligned, much-investigated, scandal-scarred federal jobs program and made it work through their skills center. Their placement rate of 80 to 85 percent is regarded by Labor Department officials as one of the highest in the nation.

The program is CETA, shorthand for the 1973 Comprehensive Employment and Training Act, originally designed to help the hard-core unemployed.

But Gulluni, administrator of the $30 million Hampden County CETA program in western Massachusetts, and his supporters believe the "feds" goofed when they put the program into operation.

The federal government put too much emphasis on immediate employment, especially employment in entry level and unskilled public service jobs that only lasted a year to 18 months, Gulluni said.

The public service jobs program, one large chunk of CETA, was susceptible, because of its emergency orientation, to abuses such as payroll fraud and the hiring of political friends. Gulluni conceded that he has similar problems in the public service section of his CETA operation.

But he said he isn't too concerned about the fraud, because it is minimal in comparison to CETA's overall $10 billion operation. He said his main worry is that many people who complete their public service employment terms have no marketable skills in the private sector, and eventually wind up on welfare or in another federal anti-poverty program.

"The problem is that the government seems to have forgotten about the 'T' in CETA," Gulluni said.

The "T" is very important to the 78 people who make up the skills center staff. Every weekday at 8 a.m., they troop into two old industrial buildings on this city's Main Street to begin undoing the legacy of poverty, poor education and international turmoil.

Besides blacks, whites and Spanish-surnamed students, the center, which operates on a budget of $1.25 million—also includes a sprinkling of Vietnamese, Russian Jews, Koreans and at least one Lebanese.

*'We're doing a job here! We have a commitment to training here. That's it. Training is the answer, not this public service employment . . .'*

The center's staff consists of former public school educators, like Gulluni, and of former industrial foremen and skilled crafts workers, former businessmen and secretaries. They will train about 1,200 people this year, about 1,000 of whom, based on past performance—will find permanent, unsubsidized, usually good-paying jobs.

"You can't get very much better than that," one department official said. "If we had that kind of a record in all of our programs we wouldn't have to worry so much."

After a 20-to-25-week session, the Hampden County Center staff will "produce" people like Mary Johnson, 31, black, a former welfare mother, who recently got a promotion in her job as a machinist at a Digital Equipment plant here.

Johnson finished her skill center training early last year and has been working at Digital ever since. She said she had tried to get jobs before her center experience, "but nobody would hire me because there wasn't much I could do."

Now, working the night shift at Digital and making "pretty good pay," about $9,300 annually, she said she believes she has a future.

"My two kids respect me a lot more now," she said. "They keep telling me, 'Momma, you gettin' on up there, ain't you?' "

The center will also retrain former workers like Frank Hill, 56, white, who fell ill and has been living on Social Security disability payments for the past few years.

"Most folks don't want to train older people in industry," said the rotund, bespectacled Hill. "You can't blame them, because it does take time. But I got some extra training and brushed up on some machine skills here. I start work on Monday."

Hill was a former machine shop foreman. But he said he had "forgotten nearly everything" since he had been out of work, and had lost confidence, especially in face of the onslaught of new industrial technology. But the skills center helped him overcome all of that, he said.

Gulluni and David Cruise, the center's top supervisor, will tell you that their 80-85 percent placement rate is no miracle.

Springfield, the largest city in Hampden County, has a 5.7 percent unemployment rate, compared to a national unemployment rate of 6 percent. In the last five years, the county itself has attracted more than $400 million worth of new industrial and commercial ventures, creating about 10,000 new production jobs.

But businessmen and plant managers here say that most of the people who go to the center would have been out of the running for those jobs had it not been for Gulluni, Cruise and company.

ington Post

MAY 30, 1978

# Training Program That Works

"The biggest thing about the skills center is that they deal with more than just skills," said Michael Nisiolek, a personnel manager for Milton Bradley Co., which produces electronic games.

"They take people who might have had some serious problems, for one reason or another, and they help them to develop good work attitudes. You take the center's extensive training setup, put it with attitude development, and you have an excellent company," he said.

Nisiolek said that about 125 of the 1,200 people employed by his company were taken from the center's electronics and clerical programs.

"We're extremely satisfied with most of those people,' he said. "Some of them, of course, didn't work out. But most of them are excellent . . . They have good safety habits. They punch the clock on time, dress decently, and are highly motivated workers," he said.

Nisiolek said he doubts his company would have hired most of the center graduates had they been "walk-ins off the street."

The skills center's credibility is due largely to the way it is run.

The center's supervisors have a reputation for thoroughly researching their market to find out the long-term employe and skills needs of regional business and industrial firms.

They then design specific programs —accounting, electronics assembly, and computer technology are examples—to meet the needs of the regional market.

Trainees are "assessed" before they begin the program to determine interests and remedial needs, such as mathematics, reading and English skills, to help fulfill those interests. If remedial instruction is required, it is given in tandem with the occupational training. The reason: "You will learn to read and write more quickly if you have an objective," says Gulluni.

Attitudinal development takes place in "world of work classes" where trainees are taught the importance of promptness, job demeanor, employer-employe relationships and, in an ethnically mixed area like Hampden County, how to 'get along" in an interracial shop or office.

The trainees are pushed toward "primary jobs," those with health-welfare benefit packages, vacation provisions, and some degree of upward mobility.

"To do otherwise would be a waste of the trainee's time and the government's money," said Cruise. "It would also be a waste of humanity . . . . That's why we don't keep certain programs like refrigerator repair, for which there is no market and no need. Unfortunately, a lot of CETA centers don't see this."

Gulluni believes the success of his training program can be duplicated. And there are those in the federal government who believe he's right.

President Carter and other administration officials last week outlined a program designed to link private business more closely to the training and hiring of the hard-core unemployed.

The administration's CETA proposal, now before Congress, targets $400 million of the $11.4 billion in federal jobs money to the creation of "private industry councils". The "PIC's," as they are called by those in the manpower business, are supposed to foster greater cooperation among private industry, organized labor and vocational education directors in the training and placement of the hard-to-employ.

*'They take people who might have had some serious problems, for one reason or another, and they help them to develop good work attitudes.'*

Cruise and his staff constantly monitor the progress of their trainees and the job market. Frequently, they invite businessmen in to look at their program, to evaluate the training curriculum, to talk to the trainees and to make suggestions for improvement. As a result, a number of the trainees are chosen by companies weeks before their training has ended.

"They do a better job of placing their people because they're much more aggressive, much more employer-relations conscious," said Mark Conners, vice president of the Valley Bank & Trust Co., one of the county's major financial institutions.

Conners said the "primary source" of his firm's employes is newspaper advertising. But he said the bank has been "actively using" the skills center since 1976 and has found that the center graduates—most of them employed in clerical positions—work as well or better, and stay on the job longer, than other workers.

At a Digital plant in West Springfield, personnel manager Walter Brown is singing similar praises. But he said he is not baffled by the center's success.

"It's easy to understand," he said. "The skills center is efficient at training people for jobs because it has to be. Their funding depends on it."

*This story also appeared in these papers*

The Boston Globe

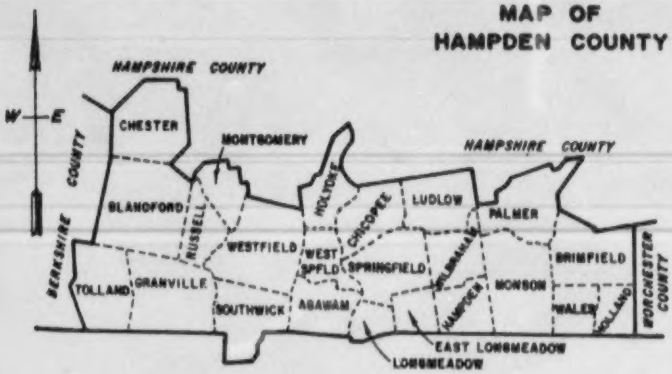
Sunday Times Advertiser

TRENTON, N. J.

The Evening Gazette

Monday, June 5, 1978, Worcester, Mass.

# HAMPDEN COUNTY CONSORTIUM CITIES and TOWNS


MAP OF
HAMPDEN COUNTY
W
E
HAMPSHIRE COUNTY
HAMPSHIRE COUNTY
BERKSHIRE COUNTY
WORCESTER COUNTY
CHESTER
MONTGOMERY
HOLYOKE
BLANDFORD
RUSSELL
CHICOPEE
LUDLOW
PALMER
WESTFIELD
WEST SPFLD
SPRINGFIELD
WILBRAHAM
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TOLLAND
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LONGMEADOW

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## THE HDR SKILLS CENTER
### Addressing the manpower needs of business and industry

**Graduates Employed (1971-1979) . 4,930**

Within the past three years alone, trained graduates have filled private sector jobs at varied skill levels in the following "high demand" occupations:

| | |
|---|---|
| Machine Trades | 520 |
| Electronics | 821 |
| Clerical | 604 |

During this three-year period an additional 600 graduates secured unsubsidized employment in skilled occupations including welding, sheet metal plant and building maintenance, food service, graphics, auto body, auto mechanics and health occupations.

## This publication is produced with the cooperation of the following:

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**Frank D. Gulluni — Area Manpower Administrator and . . . the staff and trainees of the Skills Center and all others who generously contributed their time and effort to make this project a reality.**

Mr. **Jeffords.** Mr. Deen.

## STATEMENT OF DAVID DEEN, EXECUTIVE DIRECTOR, SOUTHEASTERN VERMONT COMMUNITY ACTION, BELLOWS FALLS, VT.

Mr. **Deen.** Thank you, Mr. Chairman, for the opportunity to speak to you today. I am president of the Vermont Community Action Association. I am glad to have this opportunity to speak with you because jobs are a vital concern of the poor, jobs are a vital concern of community action. Our mandate is to end poverty, not prolong poverty. Even a strong person needs a ladder to climb out of a deep hole in the ground. The strongest and highest ladders for us to use are jobs.

A sense of the history, which I have experienced with the CETA program, will help you to understand the comments I will make about CETA and the still unmet potential of the program.

Southeastern Vermont Community Action is the organization for which I work, and we have a deep commitment to the CETA concept. Southeastern Vermont Community Action is a community action agency. The corporation's goals are set by the board of directors. That board is composed of people who come from our Vermont communities. A majority of the board are representatives of the poor. In the last 4 years the board has established that employment opportunities, jobs for the poor shall be the primary goal of Southeastern Vermont Community Action. Two weeks ago the board reconsidered their goals. Jobs are still the top priority, by a far larger margin than ever before, 5 to 1 over the second priority, health.

From my perspective, CETA has always had the potential to meet the highest of all priorities of the poor and to provide the opportunity for meaningful employment. That potential has been unrealized throughout CETA's history. The Southeastern Vermont Community Action Board, while voting 5 to 1 for employment, did not consider using CETA resources to address their concern.

As one of the first New Federalism block grants, it is well worth noting that CETA has been misused. There have been all the well-publicized fraud situations, but the misuse I address is missed opportunity to train and employ our people in meaningful jobs. CETA has not met that potential.

Why did CETA underachieve?

A major factor in this is due to little coordination between Departments of Education, economic development agencies, labor-market needs, social-development programs, community development block grants, and CETA. There has been a great deal of direct and indirect political patronage within CETA. Town governments, county governments, and other political subdivisions have all gotten "their political fair share" of CETA dollars. They have used CETA to subsidize ordinary town operations. Consequently, the poor have raked a fair amount of leaves and filled lots of potholes for the last 4 years. The poor, the unemployed, and underemployed have been channeled into these dead-end jobs for reasons far beyond their own control. Then people wrongly castigate the poor because after their supposed CETA training the poor find themselves unemployed or underemployed once again.

As a bottom-line statement about CETA, I feel that public service employment, title VI of the act, should never have become a part of CETA. This program led to most of the misuse of CETA's potential, and contributed most directly to the fraud abuses of CETA. Including title VI in CETA confused the public about the purpose and value of CETA. It took most of the resources of State and local planning councils just to spend the title VI money. Title VI quickly overloaded the monitoring and planning staff capability of the prime and balance of State sponsors. Consequently, there was time for only minimal coordination between CETA and the other agencies mentioned above. The concept of title VI transitional employment was necessary, but should have been handled through other Federal programs such as the Department of Commerce, Economic Development Administration. CETA should have remained the training, teaching, people-building program intended by the Congress. Multifaceted training and support should have been the cornerstone of CETA.

Unfortunately, the title VI experience has soured the community's concept of CETA. So, where do we go from here to build the type of program we community activists hoped Congress had in mind when the CETA Act was made law?

My definition of successful means that the CETA opportunity offered to the poor offers real training and real skills for real jobs. With that definition I would like to identify two successful CETA training programs that I know of. The program that we operate at CEVCA involves the industrial work experience program, which is an arm of Job Corps. We take unemployed youth up to 21 years of age, place them in the Job Corps center for 3 months to get their remedial education work completed. We place them in a technical school, the Rutland Vocational School, for 6 months, where they get their technical upgrading, then place them on the job for an additional 6 months of on-the-job training. The program meets an identified need for plant operators at the technical level.

For example, there were a lot of wastewater treatment plants built. There has been a crying need for manpower to staff those plants, particularly at the technical level, and through this program we are able to meet those needs. We also work with private treatment facilities, and they both contribute half of the wages for the trainees while they are in that 6-month on-the-job training cycle and guarantee employment at the end of training.

Average cost for a trainee at this point is $10,200, and a trained, employed young person is a great return on that level of investment.

In California, CETA funds were used to establish rural farm cooperatives. CETA funds were used to train migrant farmworkers in agricultural and business science. The farmworkers then purchased, borrowed, or rented land and grew their own crops for sale. The project cost averages $16,000 per trained farmer. The average income of the farmworkers from $5,000 per year to over $17,000 per year after their training. A good return on investment.

There are more detailed descriptions of these positive examples of CETA in the written testimony, which I have submitted to the committee staff. The project descriptions, as well as excerpts from the Senate Agriculture Committee's position paper on rural economic development developed by the Subcommittee on Rural Development, are all part of the package.

The papers describing the training programs stress the importance of mobilizing local organizations to provide trainees with education support and either the tools to create new business a guaranteed job which already exists. How this mobilization and/or targeting to existing jobs was accomplished is also explained in the attached papers.

This mobilization and targeting is not possible in my opinion by any group which is not community-based. A community-level organization knows what works in its community. It knows about jobs, people, attitudes, and is always looking for resources to package to respond to needs. As you read the project descriptions, keep in mind all of the questions relating to contracting out services. A private nonprofit organization has the only legal status flexible enough to put all of the necessary resources together in a meaningful package and target the package to the need.

Has CETA worked in my opinion? Yes, CETA has worked where it has stayed on track with the founding concepts of the program. As conceived by community action in the sixties, job training with the necessary support to trainees to overcome their barriers to employment is a very good program for the people, the Government, and the taxpayer. When CETA has adhered to the basics of employment training, it has worked well.

I hope I have not overextended my welcome by talking this long, but I have wanted the opportunity to address these concerns to the people in charge of CETA for many years, and I needed to say what I have said.

Mr. **Jeffords**. Thank you.

[Interim report submitted by David Deen follows:]

## INTERIM REPORT ON SOUTHEASTERN VERMONT COMMUNITY ACTION'S JOB CORPS NEW ENGLAND WATER/WASTEWATER INDUSTRY WORK EXPERIENCE PROGRAM

### BACKGROUND

As part of the 1978 White House Initiative on Rural Development there was announced the intention of providing employment and training opportunities for economically disadvantaged individuals as operators of water and wastewater facilities. The demand for trained operators has, in recent years, out-stripped the supply, due primarily to the massive facility construction programs brought about by the Clean Water and Safe Drinking Water Acts. This has caused the situation, especially in rural areas, of having untrained people attempting to operate multimillion dollar equipment, often with disastrous results. In order to meet an interagency agreement was drawn up between the Department of Labor and the Environmental Protection Agency to supply the necessary funds to train 1,500 individuals in thirteen pilot programs around the country.

Southeastern Vermont Community Action (SEVCA) was selected to develop the pilot project in New England because of its experience in rural water and wastewater issues, as well as its background in the field of employment and training. This contract between Region I Job Corps in Boston, Mass. and Southeastern Vermont Community Action in Bellows Falls, Vt. was implemented on July 1, 1980.

An initial program was operated in fiscal year 1980 utilizing workers 55 years and older, subsidized by New England Green Thumb, a regional rural senior employment program. Although severely hampered by the lack of training funds available, under this program, SEVCA was able to place and train 10 older workers by coordinating the program with training provided by the State of Vermont. Five of the ten participants were subsequently hired on at the facilities upon completion of their period of subsidized employment, while one was forced to leave for health reasons.

During the closeout of the Older Worker Program, the D.O.L. Office of National Programs requested that the Job Corps National office contact SEVCA as to the possibility of institutionalizing the program in New England. A program was designed and contract negotiated under Job Corps Industry Work Experience Program with the Director of Job Corps Region I.

## PROGRAM STRUCTURE

The New England Water/Wastewater Industry Work Experience Program is operated essentially as a "Job Corps center without walls." Corps members, after having an initial orientation stay at the Northlands Center, attended six months of classroom training at the Vermont Agency of Environmental Conservation training site at the Rutland Vermont Vocational Training Center. During the orientation and classroom period corps members are interviewed at sites having a need to hire operators and are interested in participating in the program. When a facility has chosen a corps member, a worksite agreement is developed between the corps member, the facility and SEVCA defining the terms of placement i.e. rate of pay commitment to hire, etc.

While at the Rutland Center, Corps members receive highly technical training in all aspects of potable water and wastewater plant operation. Instruction includes such areas as advanced mathematics, biological testing, laboratory techniques and equipment maintenance in a classroom and laboratory setting. Trainees gain hands on experience in both water and wastewater at facilities in the greater Rutland area. Upon successfully completing the six month course, corps members tested by personnel from the Agency of Environmental Conservation to qualify for a Class II operators license.

After leaving the school, corps members move to the communities where their worksites are located or a six month on the job training period. During this time corps members are paid according to Job Corps IWEP guidelines and the facility is partially reimbursed for training expenses. This period of time allows the corps members to become skilled in the operation and maintenance of the equipment in the facility in which he/she will be employed. Upon successful completion of this phase, the corps members becomes an unsubsidized employee of the facility.

## CURRENT PROGRAM STATUS

New England Water/Wastewater Industry Work Experience Program has a goal of twenty Job Corpsmembers to be recruited into the program, provided classroom and field education for six months and immediately upon graduation placed on worksites. The trainees have all been hired by site managers before they entered school. As per contract this takes place in two groups and at this writing finds seven Job Corpsmembers of the first group working at their worksites and thirteen in school. Eight of the thirteen have been hired by worksites to start January 6, 1982. Interviews at worksites are currently being conducted to place the remaining five. All thirteen are expected to be hired before the January 6 graduation date.

The first group of seven entered school on January 6, 1981, graduated July 5, 1981 and started work at their sites on July 7, 1981. All seven corps members have taken and passed the Vermont exams for a Grade 11 operators license. Site managers have committed themselves to me personally that they will at the end of the six months on the job training, place the Job Corpsmembers on the municipal or private payroll at wages from $4.50 to $6.10 per hour, plus full benefits. At this point, the worker/trainee will no longer be connected with Job Corps.

During the on the job training period, living quarters, banking facilities, car repairs, health needs, wages, GEDs, site interviews, tours of Northlands and food stipends have been provided by SEVCA.

The coordination efforts necessary for the operation of a program of this scope are substantial. SEVCA is currently engaged in working agreements or written contracts with Boston Region I, Northlands Job Corps in Vergennes, Rutland Vocational School, the Nordic Motel, municipalities of Dover, Manchester, Brighton, Fairhaven, Readsboro, White River, Cavendish, Middlebury, Brandon, Burlington and private company Stratton Ski are, all in Vermont; also Manchester, Farmington and the University of New Hampshire in New Hampshire. We have also worked closely with personnel from the Environmental Protection Agencies and Department of Health in Vermont and New Hampshire to insure that the states interests and needs are met. SEVCA's New England Water/Wastewater Industry Work Experience Program recruiter has coordinated his activities closely with other Job Corps screeners such as AFL-CIO, JACS, WICS, CYA and SEVCA Outreach staff.

Additional non Job Corps program resources have been generated from a number of sources, including:

1. $14,400 grant from the National Demonstration Water Project to do preliminary planning, complete Vermont needs assessment and support initial start up costs.
2. A second NDWP grant of $8,600 was spent in support of SEVCA's Job Corps New England Water/Wastewater Industry Work Experience Program.
3. A part time position supplied by New England Green Thumb Inc., a senior employment program, to provide transportation support to corpsmembers while at the Rutland School.
4. Personnel from the State of Vermont and the New England Rural Technical Service Center, Winchendon, Mass., provided training sessions while corpsmembers were still in residence at Northlands.

An interim evaluation was held with representatives from the State of Vermont, the town of Dover, The National Demonstration Water Project and the SEVCA Board of Directors, an independent consultant and the Director of a similar program in Kentucky. This group met with program staff, the course teacher and school principal, individual corpsmembers and worksite managers as well as reviewing pertinent program reports and records. This group then submitted a series of recommendations to improve program effectiveness. All recommendations made by this group have been implemented.

### FUTURE POTENTIAL

As we have reached a point in the program cycle when the recruitment for the third wave of corpsmembers should take place, if the program is to continue, it is time to evaluate the potential for contract extension. In recognizing this, SEVCA contracted the services of an independent consultant, using NDWP funds, to prepare an assessment of need for operators in the State of New Hampshire and an update of SEVCA's original assessment for the State of Vermont. This report projects a need for operators for newly created positions and due to attrition in the State of New Hampshire and the State of Vermont. In terms of New England Water/Wastewater Industry Work Experience Program's projection of twenty corpsmember graduates a year this labor market is more than adequate to absorb them all.

The program is currently well established in both the State of Vermont and New Hampshire and is a recognized source of trained manpower. SEVCA is currently negotiating contracts with both states to provide upgrade training for its currently employed operators. This increased cooperation will facilitate the placement of future corpsmembers.

Problems typically associated with the state of any new program, and in particular one of a regional scope, have been effectively dealt with at this time. SEVCA staff has developed all necessary contacts and resources and they are in place. The program has a highly visible profile among facilities and officials in both states.

The cost effectiveness i.e. cost per corpsmember year of the program at this time is within the parameters of our contract. It should be noted that due to start up and phase down periods of the initial two year contract (3 months with staff and no corpsmembers, and then one year with only 10 corpsmembers enrolled at any given time), cost per corpsmember year is relatively high. Operated on an ongoing basis with 20 corpsmembers; 10 in school and 10 at work sites, at any given time, costs per corpsmember year will be significantly reduced.

For these reasons SEVCA believes that the New England Water/Wastewater Industry Work Experience Program has excellent potential to continue to be a cost effective program, providing excellent job opportunities to economically disadvantaged youth while providing rural New England communities with much needed trained personnel.

Mr. **Jeffords**. Lou, would you introduce yourself and your assistants?

## STATEMENT OF LOU DWORSHAK, STATE OF VERMONT, DEPARTMENT OF DEVELOPMENT AND COMMUNITY AFFAIRS, MONTPELIER, VT., ACCOMPANIED BY MARILYN SEELYE, GASSETTS, VT.

Mr. **Dworshak**. Mr. Jeffords, with me at the request of your office is Marilyn Seelye, a graduate of one of our training programs. I am Lou Dworshak for the Vermont Department of Development and Community Affairs.

It is recognized that during these CETA reauthorization oversight hearings that you are attempting to develop necessary background information for specific legislative suggestions on employment and training.

And to that end, I am directing my testimony based upon the policies and experiences of the Vermont training program, the employment and training program of the Vermont Department of Economic Development. It is a brief examination of what works and what does not work.

My testimony is structured in relation to questions of employment and training within the context of economic development as provided by the office of Vermont Congressman James Jeffords, where:

Economic development is the process and sequence by an agency—organized, planned, and coordinated—to intervene in the natural economic process to stimulate economic growth; to improve the quality of life; and to expand productive capability. It involves the resources of land, labor, and capital; infrastructure; and individual and organizational capacity to effectively plan and manage economic growth.

Question. Is economic development an appropriate part of a training system?

Economic development is not only an appropriate part of a training system, but the lead element.

Agencies conducting the process of economic development muster, coordinate, and focus the resources of economic development. They form the formal, organized, political system for the decisionmaking of economic development—the system generating the employment opportunities in the private sector.

Agencies conducting economic development are State, regional, and local. They are the administrative hierarchy suited to initiate and coordinate industrial training efforts, linking the resources of the department of education—vocational-technical training—labor and industry—apprentice training—Vermont Job Service—recruiting, selection, and use of available Federal training funds—and the State colleges.

Economic development is the principal actor in the employment and training process; it is indeed an appropriate part of a training system.

This leads to the legislative suggestion that Federal funds flow through the agencies of economic development, with flexibility and few constraints. Federal funding support for employment and training should be vested with the decisionmaking and politics of economic development, rather than in organizations that are established apart from that process.

Question. Can economic development be mandated as a part of the training system?

The word "mandated" infers the heavy hand of the Federal Government dictating the manner in which affairs of employment and training will be carried out at the State level. Rather, it should be more properly viewed that the Federal funding of employment and training is a desired resource available to the agencies of economic development.

In Vermont, the agencies of economic development have repeatedly proved to be the legitimate focal point to coordinate, and in most instances, to initiate employment and training for industry.

With its own funding resources from the Vermont State Legislature, the department of economic development has demonstrated that a "best candidate" method of employment and training, by creating upward mobility, benefits all groups within the structure of the employed and unemployed labor force. Best candidates, as selected by industry through the Vermont Job Service, and which typically include a portion of unemployed and CETA-eligible, are trained or retrained for the higher level jobs in new or expanding, existing industries. The CETA label mentioned earlier by Mr. Semple is avoided. The voided, mostly lower skill jobs, are then filled by those employed, but having lower level skills, or unemployed.

This is in contrast to the usual mode of operation of Federal funding which tends to encourage employment and training through tax incentives and/or on-the-job payments rather than capability.

This, then, leads to the legislative suggestion that economic development not be considered to be "mandated," but the principal actor in the employment and training process and that Federal employment and training funds be available as a resource for State agencies of economic development; available with flexibility, and available with few constraints.

Question. How can economic development help displaced persons, or help in highly depressed areas?

Agencies of economic development are in the best of all positions to work the entire economic development chain of events to amalgamate and shift the resources for job creation and preservation in the private sector. Displaced persons and those in Vermont's depressed areas have been assisted by the Vermont training program's best candidate method.

This is not to be considered an advertisement for the agencies of economic development, nor a statement that they can "do it all"; rather, that the coordinated procedures of the Vermont training program have benefited all segments of the labor force.

What kind of CETA/economic development joint approaches have been successful?

Actually, the statement should read: What kind of economic development/CETA joint approaches have been successful to reflect the initiatives and organization of successful industrial training in Vermont?

Leading the list of successful approaches have been the Vermont machine skills training, now being conducted in the six Vermont communities of Springfield, St. Johnsbury, Newport, Bennington, Burlington, and St. Albans, and the bombardier training program in Barre, all programs of the Vermont training program using the best candidate method.

All programs are extensively coordinated with other providers of training, and all typically have classes that are 50-percent unemployed. But what is unusual about the unemployed portion is that members have been selected by the personnel directors of sponsoring industries as the best available in the labor force; in other words, there is prior sanction.

The attached advertisement of the Vermont machine skills training illustrates the direct involvement of the Vermont Job Service. Upon completion of training, CETA funds are used for the eligible persons. The difference is that CETA funds are used to support the best of candidates—candidates desired by the industries—rather than using CETA funds up front to lure industries to hire certain targeted groups or persons.

This leads to the legislative suggestion that there are ways of using CETA funds to support the unemployed in mixes of capable persons, creating upward movement in all segments of the labor force.

In summary, the department of economic development is deliberately pursuing employment and training philosophical and policy directions that:

Redirect the goals of some employment and training programs from a primarily social to a primarily economic perspective.

Reduce the tendency of training providers to offer disparate, uncoordinated programs.

Encourage the removal of Federal barriers that hinder integration of training activities with State industrial development strategies.

Expand the private sector's role in the design and determination of employment and training programs, as in Vermont machine skills training and bombardier.

Create those programs that reflect to a greater degree the employment and training specifically desired by industry.

And to the extent that the State of Vermont, through economic development, is directing its effort, successful patterns are suggested for the CETA reauthorization in terms of: Appropriate objectives of employment and training, methods for carrying out those objectives, the integration of target groups, appropriate relationships for Federal support of State training agencies, appropriate private sector roles, and thorough coordination.

Indeed, Vermont is an example that Federal employment and training, integrated with and supporting the State's effort, can work successfully.

And may I introduce once again Marilyn Seelye of the Fellows (phonetic) Corp.

## STATEMENT OF MARILYN SEELYE, GASSETTS, VT.

Ms. SEELYE. My name is Marilyn Seelye and I live in Gassetts, Vt.

I came to Vermont in February of 1977 with a liberal arts college degree. I sought full-time employment with several major companies in the area and found that I was unsuccessful in getting a permanent job. For the better part of 3 years I was only able to secure seasonal employment and several part-time jobs.

By the fall of 1980 I was desperate to secure something meaningful and worthwhile. I had heard of the machine skills training program from the newspapers, so I approached the Vermont Job Service office for more information.

It became clear to me that the skills training course would provide the career opportunity I needed to become permanently employed. I recognized that if I could learn about the machine skill industry and graduate successfully from the course, I would prove my abilities and worth.

After 4 months of math, blueprint reading, shop theory, and machine skills training, I applied for a job and was accepted at one of the companies. Since my employment in February of 1981 I have been able to pursue further training in the computer science field.

I am grateful to the State of Vermont and to the machine skills industry for recognizing the need for skills education and for providing the opportunity to pursue a meaningful career.

Mr. JEFFORDS. Thank you very much, Marilyn. That was excellent.

First, before I begin the questioning I would like to introduce Congressman Larry DeNardis from New Haven, Conn., who made his way through the fog to get here. Larry is a freshman Congressman who has brought to us a depth of understanding of educational issues, especially higher education. Larry, it is good to have you with us.

Mr. DENARDIS. Jim, it is good to be here. The work of this committee under your leadership with Chairman Hawkins is among the most important work on the agenda of Congress. I can think of no other Members in the Congress, Mr. Hawkins, and Mr. Jeffords and of course the other members of the committee including Mr. Weiss, who have made contributions in this area, so it is a pleasure for me to be here. I must say that I always enjoy coming to Vermont even though today it was through the fog of northern Connecticut and Massachusetts and southern Vermont. It is a pleasure to be with Jim Jeffords in his home State. In the 1 year that I have been in Congress—I am a new Member of Congress—I have probably learned more from your Congressman than any other, and I expect to continue to learn at this hearing and in the months to come. Thank you.

Mr. JEFFORDS. Thank you very much for those very kind words.

Now we will go on to the questioning. Again, if we can keep the questions of each member to about 5 minutes we can stay on schedule.

First I want to thank you all for very excellent testimony. It has been very helpful even without the questions, and I am sure the questions will add to it.

Mr. Chairman.

Mr. HAWKINS. Mr. Chairman, I have a habit that when witnesses present their testimony I do mark a grade on the cover to indicate whether I should go back and read the testimony.

Fortunately I have marked good on all of them, so I have a lot of reading to do on the way back to Washington tonight.

Let me try to ask two or three questions, however, because all of them have been so excellent.

As I say I have marked so many of them up until I am a little confused as to which one I should ask first.

Mr. Gulluni, you mentioned the program CEP.

Would you clarify to some extent at least in my mind how this was organized, under which section of CETA, and how it is funded?

Mr. GULLUNI. The program at the skill center which really is the predecessor was funded back in 1970 through the MDTA program. At that time most MDTA programs were part of the vocational system. We made a decision in 1970, Mr. Chairman, to separate from the vocational system and develop our own institution, a skill center, one of only 40 or 50 in the Nation at that time. We started a very small cadre of 8 teachers and 80 students and developed our own curriculum, our own assessment system, our own job development and placement system, our own process of job orientation, so that at some point along the way back in 1973 and 1976 as we got into CETA and we became more and more involved with the private sector, we recognized that there was a sequential process, a process starting with a thorough assessment, something that industry really cannot handle, especially with the chronically unemployed, quite candidly.

I have made this statement publicly and have been hammered by the private sector for making this assessment, but I believe they are unable to assess people to the degree that we can, given the fact that we have the availability of so much expertise and the facilities internally to assess people thoroughly so that we know their academic skills, their learning abilities, attitudes and aptitudes. We know the kind of skills development they can progress in. As a result of that kind of information we can begin the CEP program which involves, if necessary, remediation, English as a second language, high school equivalency, skills training required, all services, day care if necessary, and, of course, the process of skills training. To a point at which every 2 weeks those people are assessed thoroughly by instructor and counselor and the student himself, so that they understand how they are going through the system.

We include orientation. We believe that an employer really is looking for primarily a person who wants to work and has the ability to work 8 hours a day. The skills are secondary from my perspective, and we have to build upon attitude. The tangible means of skills training to the trainee is much more important. Once that success syndrome begins in skills training the attitudinal development almost comes concomitant with that.

Mr. HAWKINS. How is the program currently funded?

Mr. GULLUNI. It is 100 percent CETA, with the exception of some State moneys through the Bay State Skills Corp. and local moneys through a couple of grants by industries.

Mr. HAWKINS. Will the program be affected by the cutback?

Mr. GULLUNI. Absolutely, and we are feeling the pinch. In the last 3 years we averaged 1,200 to 1,300 trainees a year. This year we will be training fewer than 700 people.

Mr. HAWKINS. You mentioned that over 5,000 graduates have been placed?

Mr. GULLUNI. Since 1970, that is correct.

Mr. HAWKINS. In the absence of CETA, will these individuals be trained? If so, by whom?

Mr. GULLUNI. They will not be trained.

Mr. HAWKINS. Mr. Page, in connection with your testimony you mentioned that training and economic development are interwoven and should go hand in hand, and that it is necessary to make a long-term commitment. Could you indicate by whom should the commitment be made, and what will happen to the program if the current elimination of training programs under CETA continue?

Mr. PAGE. Mr. Chairman, we believe that a long-term commitment must be a partnership between the State and Federal Government and private sector in order to be effective. The most effective training tools that we have found in northern Vermont have been those which have been developed by such partnerships.

The revolving loan fund that I referred to in my testimony is a prime example of that, assisting private industry when they are trying to raise capital at a critical point in their business when their needs are twofold, one to raise capital, two to improve their productivity in order to pay back those loans in the long term. That the solution to those problems have come from a partnership with programs such as Lou Dworshak's State training program and on-the-job training. Such partnerships come from local initiative, primarily, with assistance from State and Federal Governments. Those local initiatives, as Mr. Dean pointed out, tend to revolve around localized or regionalized nonprofit corporations that do have the flexibility to combine local elected officials, industry leaders, members of the education sector, and I think that is an important factor.

Over and above that with declining CETA dollars, with disappearing CETA dollars I suspect that States and localities will not be able to make up the balance of funding needed for training programs, that they will diminish significantly.

Mr. HAWKINS. That was the next question, actually. Who will pickup that slack now? We have heard the necessity of integrating the private sector into the process, and I think there is general agreement certainly on this subcommittee that that should be done. Do you anticipate that to be realistic and if so, in what way can we insure that that private sector involvement takes place?

Mr. PAGE. I think the insurance comes by involving the private sector initially in policy decisions about employment and training programs. I think that through the inclusion of private sector in that initial policy development at a regional level, State level, and ultimately at a Federal level, new methods can be devised. There are some very keen ideas within the business community that need to be tapped and that can augment a public program. And in northern Vermont we have had tremendous success in doing that on a regional level, again by involving the private sector and corporations that are active in job development.

Mr. HAWKINS. Do you think that will include the chronically unemployed group as well as others?

Mr. PAGE. I think as long as the effort is a coordinated effort among all the actors in job creation in a given region, yes, that can be done.

Mr. HAWKINS. Mr. Chairman, I know there are many other questions, but my time is limited. I yield.

Mr. JEFFORDS. Thank you, Mr. Chairman. That is always one of the frustrating parts of field hearings, especially when we have so many witneses, and we want to make sure everyone has time to participate, we never have enough time for questions.

I want to followup what the chairman said in his last line of questioning. That is both philosophically and from a legislative structure perspective, how do we fit the economic development into a program which is supposed to be basically designed to try and make unemployable people employable. I am getting at the upward mobility theory that Lou Dworshak is talking about which can give you some concern, because you never get to the structurally unemployed. Your primary goal is developing a better economy for the locality. Doing that may or may not end up in training those that are the less fortunate. You end up creaming off the available and bringing in additional people from outside, which may enhance the community but not do anything for the structurally unemployed. I wonder if I could get some reaction as to how we try to handle that problem to make sure that we get a balance in a program.

Mr. **Dworshak**. I might pickup on that. On the average I mentioned we would have 50 percent unemployed in our program from Vermont Machine Skills, and Labardia [phonetic] was another case. We have had meetings with the Vermont Job Service both with the State level and as we conduct programs throughout the State and as we bring people into that training program, and they are hired as Marilyn Seelye was hired, they create voids in the system at lower-level skilled jobs and working with the Job Service, then they are aware of those positions and they tend to bring in the chronic unemployment.

Mr. **Jeffords**. That sounds good in theory. How do we know that occurs? Is there any statistical evidence that this occurs, or is what we are talking about just good in theory?

Mr. **Dworshak**. Well, we would have to go to Stu Verchereau [phonetic] for an answer to that, but that has been the basic direction of the meetings that we have had in relation to the promotions that we are creating.

Mr. **Jeffords**. But that can be a very nice way of insuring that you have available CETA funds, and if the theory works, fine. If it does not work, we may be doing a great thing for economic development, but not much for the structurally unemployed.

David, do you have any comment?

Mr. **Deen**. Well, I have been involved with a couple of efforts where we have been able to take people in. One of the problems that we have experienced with CETA in its initial years was bricks-and-mortar money, was how we termed it. We put a lot of jobs out there for people who fit that description, structurally unemployed, and never gave sufficient tools or raw materials flexibility within the CETA system. The example that I am relating to is our stove works. We were able to take people with just terrible employment records, but by being able to provide good supervision to deal with the attitude that this gentleman down here was talking about, hard work and loyalty, keeping your nose clean, those kinds of attitude problems, and somebody who just would sock it to them when those problems came up, provide that leadership within the training situation, provide some flexibility so that the entire venture, as was the stove works, can be an economic development project.

The project that I talked about in California is an economic development project. We were not able to get the bricks-and-mortar money to make that happen from CETA but fortunately the New England Commission had an interest in some economic development projects at the time, gave us rent money and raw materials money, and we kept 14 people working for 5 years, and during that 5-year time a number of structurally unskilled people with very little educational attainment moving through at the lower levels learning welding and machine skills. Potentially, and I have not kept records, but potentially they would have moved on to the program that this gentleman has been describing, but from nowhere, high school dropouts, police records. We had an ongoing relationship with the probation and parole people here in Brattleboro to make placements at our stove works, and then we ran afoul of CETA regs and got called down.

Mr. **Jeffords**. Thank you.

Yes, sir.

Mr. **Gulluni**. I think 75 percent or more of those people that we enumerated, those 5,000 over the last 10 years, were the structurally unemployed or trained in the skill center. There is no doubt that those people can be trained given the fact that there is a process that does not necessarily include at a high level of incidence the private sector at the beginning of the program, OJT, the NAB jobs kind of components in many cases have not worked for the structurally unemployed because they were lacking the capability to provide the assessment and of course the kind of supportive services, the blueprint reading, mathematics, counseling, all the other things that are required for these people to make that transition.

Again I go back to the attitudinal question. They have a lack of self-confidence. To develop that self-worth one must begin to establish a pattern of training and support services to enable these people to recognize those skills and abilities and make that transition effectively to the private sector. I think again the comprehensiveness of the program is tantamount to the kind of success you are going to have with the structurally unemployed. You cannot throw them out there and expect them to make it. They will not.

Mr. **Jeffords**. Mr. Weiss.

Mr. **Weiss**. I guess that last point really underscored what I was going to ask. This kind of thing does not happen by accident. You do not get the chronically and structurally unemployed coming at you unless you make the effort to bring them into the program.

Mr. **Gulluni**. That is correct.

Mr. **Weiss**. Now, Mr. Page, in your testimony you indicated an admonition against targeting. Tell me what you mean by targeting, and is that not in conflict with testimony, in fact, to bring in those who otherwise would not be brought into the program?

Mr. **Page**. Targeting in terms of my definition could be defined as the allocation of specific amounts of money to serve a specific population within an area. I believe, and the people whom I represent believe, that by use of regional and localized organizational efforts that communities are better able to target those resources, that they know better their needs and can make more effective use of financial and educational tools than can targeting done by the Federal Government.

Mr. **Weiss**. Are you saying that there ought to be no standards at all as to whom the money ought to be spent on?

Mr. **Page**. I am not thinking about standards.

Mr. **Weiss**. Eligibility?

Mr. **Page**. Yes. I am not saying that there should not be eligibility requirements, but that eligibility needs to be based not solely on the specific origin of the individuals involved in the program or upon race or other types of very specific directives, that instead the Federal Government needs to determine in coordination with State agencies, programs, those localities in greatest need of economic development assistance including job training and allow specific regions to present to you a complete definition of their needs, how that money can best be spent to service their population.

Mr. **Weiss**. Supposing it turns out that you have a community which on the basis of unemployment levels meets the criteria of the Federal Government, right?

Mr. **Page**. Yes.

Mr. **Weiss**. It is double the national average in unemployment, and you then tell that community you are entitled to *x* hundred thousand dollars in training and employment programs, and their decision is that in fact they are going to create a steel mill. That may be fine from their point of view of what their community needs, but again, getting back to the discussion that Mr. Jeffords and Mr. Hawkins had, that it is not necessarily going to deal with the people who are in most desperate need at that time. How do you deal with that?

Mr. **Page**. That is a very difficult experience. In my experience I have found that organizations which clearly represent the needs of an area include the private sector, people delivering services to the poor, people delivering services to the unemployed and underemployed. The combination of those elements tends to give you a much more realistic reflection of that community's needs than the type that you are presenting. We have had tremendous success in dealing with community-based organizations because they do represent a broad spectrum and they do present a more realistic approach to economic development and job training. But it is a compact rural area. I note in my testimony that there is a difference between urban and rural areas in job training.

Mr. **Weiss**. That may be true, but I think that you have areas of rural employment crises which are just as severe as anything that you have in the urban areas, and perhaps even more difficult, because you do not often have the wealth of resources, organizational resources, that may be potentially available in an urban setting.

Mr. **Page**. In some cases that is the very reason for the accuracy and the ability of those programs to achieve the goals that the community sets up.

Mr. **Weiss**. Thank you very much.

Thank you, Mr. Chairman.

Larry, do you have any questions?

Mr. **DeNardis**. Thank you, Mr. Chairman.

I will yield my time.

Mr. **Jeffords**. We are going to take a 2-minute break. I say 2 minutes because breaks usually stretch out.

[Brief recess.]

**Mr. Jeffords.** Our next panel is Mr. George Kariotis, secretary of economic affairs, State of Massachusetts, accompanied by Mr. Eugene J. Doody; Mr. John Mitchell, vice president of Mitchell Machines. Two witnesses were not able to appear, Mr. Charles O'Leary and Mr. Robert August. Their testimony will be made a part of the record.

[The executive summary and prepared statement of George Kariotis follow:]

## Executive Summary: Testimony of George S. Kariotis

I come before the Committee as a private sector entrepreneur on brief loan to the public sector as Secretary of Economic Affairs for the Commonwealth of Massachusetts.

In my 3 years of public service, I've come to appreciate the difficulty of government's mandate to implement a coherent employment and training policy for the Nation. I strongly support the continuation of Federal support in the manpower area, support which enables states to implement vital employment and training services for the benefit of both the general public and the private sector.

The decade of the 1980's promises to be one of turmoil and rapid technological change. Without concerted skill training efforts as exemplified by the CETA Titles IIB and VII, the economically disadvantaged will be left out of the growth and development in the 1980's, and once left out, they may very well end up on one or more forms of public assistance.

I believe we should build upon the manpower investments of the previous decade: reaffirm support for our skill centers and the evolving linkages between our manpower programs and the private sector. The Federal Government must continue at least a threshold level of support for these programs geared to the economically disadvantaged or the enormous investments already made will have been wasted and the current manpower problems will escalate into the social and economic crisis of the 1980's.

States can and should do more. In Massachusetts, we have initiated the Bay State Skills Corporation to develop jointly funded, public-private training programs to meet the needs of our growth industries. But states cannot solve their manpower needs in isolation: the Federal Government must continue its lead role as a catalyst for effective programs at the local level.

## Prepared Statement of George S. Kariotis, Secretary of Economic Affairs, Commonwealth of Massachusetts

My name is George Kariotis and I am Secretary of Economic Affairs in the Commonwealth of Massachusetts. Although I appear here today as a public official, I am by background, by training, and in the final analysis, by preference, a businessman. Up until the election of Governor King in 1978, I had been in private business all my life—as an engineer, a marketeer, and an entrepreneur. I founded my own high technology company 20 years ago—Alpha Industries, Inc., listed on the American Stock Exchange, and at the end of 1982, I will return to that world, happily.

When Governor King asked me to join his administration as a Cabinet Secretary, I agreed to serve for several reasons. A primary one was that I felt then—and still do now—that government needs more of a businessman's perspective. I felt that Massachusetts state government had been run for too long by people whose only experience had been government, people who had lost touch with the world they were there to serve. I wanted to bridge the gap between business and government, and I thought that a different approach could begin to change the nature and direction of some of what government is charged with doing.

Three years into my service, I've developed an appreciation for the complexity and difficulty of the work government had undertaken. In the manpower area you have an enormously complicated interplay of federal, state and local priorities with far more expectations and far more constraints placed upon government than most people realize. Contrary to public perception, there are some top notch people in government who work very hard for precious little reward—either financial or psychological.

Any government—and my brief experience now is based solely on state government—is subject in very short order to dramatic and traumatic changes in management mandates, resources and directions. These changes take their toll on the policies and programs that government must administer and on the administrators themselves.

Speaking of traumatic circumstances, we are here today to talk about the future of CETA: the need for a national employment and training policy and the equally compelling need to reduce federal expenditures. We certainly have our hands full.

### U.S. EMPLOYMENT AND TRAINING POLICY

I am seriously concerned about the health and vitality of this country's labor force. I am not terribly optimistic about the short term prospects. Nationally and internationally we are in a struggle for talented manpower today. We have thousands of skilled workers whose skills are rapidly becoming obsolete. We have too many young people with no marketable skills and an apalling lack of the most basic skills. The absence of an adequate skilled labor force is hampering our competitive posture and our economic growth. Companies are competing with each other for skilled labor—literally stealing each other's people away—and whole industries are moving from one part of the country to another—according to the availability of skilled people.

I blieve our economic growth is threatened by a technologically illiterate population, and an educational system which is collapsing under the pressures of declining enrollment, shrinking public resources and a growing public perception that government is unable o unilaterally solve a host of deeply rooted problems.

I make these remarks because I think we need to keep the bigger picture in mind as we talk about CETA. Let's face it. CETA has failed in some respects, but it would be foolish and wasteful to simply abandon it. We need to keep those parts of CETA that work and look at CETA as an economic development program—a jobs program—and not a social program.

I was not a big fan of CETA when I came to government. CETA has a poor reputation in many circles and some of it is clearly deserved. I supported President Reagan when he cut out public service employment, because it was not really an employment policy at all; it was a poorly run social policy. But CETA has a role—it fills the need of preparing the economically disadvantaged for today's labor market. And I believe CETA can continue to work effectively and efficiently if we use it the right way.

First, let's recognize that this country must have flexible, up-to-date skills training programs. Many of our best ones exist under CETA. We should keep the training programs that prepare people for unsubsidized jobs in the private sector—titles IIB an VII, though I wish we could talk about programs without the alphabet soup. In addition, we must build upon the enormous investments we have already made in things like Skill Centers. These skill centers are terrific resources, we have a dozen or so in Massachusetts that are already hooked up with the private sector—and we need to make sure that adequate resources are available to keep these investments running.

Second, I believe we need to emphasize continued involvement of the private sector in the CETA training programs—the private sector should participate in all aspects, including curriculum design, program operation, loaning of instructors, equipment and facilities and direct placement activity. And I say this not because businessmen are any wiser than government people—let me assure you they often are not; some businessmen are as narrow minded and as arrogant as the worst bureaucrat. No, businessmen should be involved for the simple reason that they have the jobs. I see a continuing need for public sector expenditures in the employment and training area, a continuing need for some form of the CETA program, because dollars spent on training reduce the dollars needed for long-term subsistence support. At the same time the private sector must work alongside government to make sure the training is geared to real jobs in the working world.

Even as the federal government continues to play a necessary role in the training area, the states can and must do more on their own. I'd like to share with the Committee a description of the Commonwealth's major training initiative, the Bay State Skills Corporation.

The Bay State Skills Corporation arose out of the realization that many of our fastest growing businesses could not obtain the numbers of skilled people needed to sustain their growth; at the same time we had an excellent group of institutions—including private and public universities, Community Colleges, Skill Centers and the like—which were seeking guidance from the private sector in the selection of high growth occupations to train for. Bay State Skills Corporation was created to bridge that gap and thereby expand the state's skills training capacity. The Corporation requires the private sector concern to pair up with an educational institution and pay at least half the cost; the state, through the Corporation, pays the other half. For example, we have a group of small machine shops investing money and equipment in a local community college to train machinists; we have a very large CAD-CAM company—that's computer aided design/computer assisted manufacturing—working with a private university to train CAD-CAM technicians and bring the latest manufacturing technology to small, private firms which could not otherwise afford it. We have a private college working with a large computer manufacturer to retrain laid off public school teachers for new high tech careers. The Bay State concept is working, and business is responding because it is in its own self interest to respond.

In the short run, we want to use the Corporation money to train people for immediate job openings; in the long run we want business and training institutions to develop close working relationships—on-going relationships—to train the people we need for our workforce.

Manpower training, productivity, the need to educate our people more effectively for jobs in the 1980's—these are my favorite subjects, and I could go on indefinitely. Let me close by saying that I believe we need to think of CETA, of manpower planning, of job service, of job clubs, of all those programs and titles and efforts as job oriented. For too long we have seen these programs primarily as social service efforts, and I believe we have administered them as such. It's time to put that mentality aside.

Thank you.

Mr. JEFFORDS. Mr. Kariotis.

## STATEMENT OF GEORGE S. KARIOTIS, SECRETARY OF ECONOMIC AFFAIRS, COMMONWEALTH OF MASSACHUSETTS, ACCOMPANIED BY EUGENE J. DOODY, DIRECTOR, MASSACHUSETTS DIVISION OF EMPLOYMENT SECURITY

Mr. KARIOTIS. Good morning. Mother Nature cooperated and provided a little hole over Keene, N.H., and we were able to set down. Otherwise, we would still be circling.

Mr. JEFFORDS. Let me explain what we intend to do. We intend, with the exception of about a 15-minute break to work right on through the lunch period. As soon as this panel is over we will move right into the next one and I believe, probably take our 15-minute break and then continue.

Please proceed.

Mr. KARIOTIS. Thank you, Mr. Chairman.

My name is George Kariotis and I am the secretary of economic affairs in the Commonwealth of Massachusetts. Although I appear here today as a public official, I am by background, by training, and in the final analysis, by preference, a businessman.

Up until the election of Governor King in 1978, I had been in private business all my life, as an engineer, a marketeer, and an entrepreneur. I founded my own high technology company 20 years ago, Alpha Industries, Inc., listed on the American Stock Exchange, and at the end of 1982, I will return to that world, happily.

When Governor King asked me to join his administration as a cabinet secretary, I agreed to serve for several reasons. A primary one was that I felt then, and still do now, that government needs more of a businessman's perspective.

I felt that Massachusetts State government had been run for too long by people whose only experience had been government, people who had lost touch with the world they were there to serve.

I wanted to bridge the gap between business and government, and I thought that a different approach could begin to change the nature and direction of some of what government is charged with doing.

Three years into my service, I have developed an appreciation for the complexity and difficulty of the work government has undertaken. In the manpower area specifically you have an enormously complicated interplay of Federal, State, and local priorities with far more expectations and far more constraints placed upon government than most people realize.

Contrary to public perception, there are some topnotch people in government who work very hard for precious little reward, either financial or psychological.

Any government, and my brief experience now is based solely on State government, is subject in very short order to dramatic and traumatic changes in management mandates, resources, and directions and we are seeing that right now.

These changes take their toll on the policies and programs that government must administer and on the administrators themselves.

Speaking of traumatic circumstances, we are here today to talk about the future of CETA; the need for a national employment and training policy and the equally compelling need to reduce Federal expenditures. We certainly have our hands full.

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We have thousands of skilled workers whose skills are rapidly becoming obsolete. We have too many young people with no marketable skills and an appalling lack of the most basic skills.

The absence of an adequate skilled labor force is hampering our competitive posture and our economic growth. Companies are competing with each other for skilled labor—literally stealing each other's people away—and whole industries are moving from one part of the country to another, according to the availability of skilled people.

I believe our economic growth is threatened by a technologically illiterate population, and an educational system which is collapsing under the pressures of declining enrollment, shrinking public resources and a growing public perception that government is unable to unilaterally solve a host of deeply rooted problems.

I make these remarks becuase I think we need to keep the bigger picture in mind as we talk about CETA. Let's face it. We all know that CETA has failed in some respects, but it would be foolish and wasteful to simply abandon it. We need to keep those parts of CETA that work and look at CETA as an economic development program—a jobs program—and not a social program.

Frankly, I was not a big fan of CETA when I came to government, like most businessmen. CETA has a poor reputation in many circles and some of it is clearly deserved. I supported President Reagan when he cut out public service employment, because it was not really an employment policy at all; it was a poorly run social policy.

But CETA does have a role: it fills the need of preparing the economically disadvantaged for today's labor market. And I believe CETA can continue to work effectively and efficiently if we use it the right way.

First, let's recognize that this country must have flexible, up-to-date skills training programs. Many of our best ones exist under CETA. We should keep the training programs that prepare people for unsubsidized jobs in the private sector—titles II-B and VII—though I wish we could talk about programs without the alphabet soup that goes with it.

In addition, we must build upon the enormous investments we have already made in things like skill centers. These skill centers are terrific resources, we have a dozen or so in Massachusetts that are already hooked up with the private sector—and we need to make sure that adequate resources are available to keep these investments going.

Second, I believe we need to emphasize continued involvement of the private sector in the CETA training programs—the private sector should participate in all aspects, including curriculum design, program operation, loaning of instructors, equipment and facilities, and direct placement activity.

And I say this not because businessmen are any wiser than government people—let me assure you they often are not; some businessmen are as narrowminded and as arrogant as the worst bureaucrat. No, businessmen should be involved for the simple reason that they have the jobs.

I see a continuing need for public sector expenditures in the employment and training area, a continuing need for some form of the CETA program, because dollars spent on training reduce the dollars needed for long-term subsistence support.

At the same time, the private sector must work alongside government to make sure the training is geared to real jobs in the working world.

Even as the Federal Government continues to play a necessary role in the training area, the States can and must do more on their own. I would like to share with the committee a description of the Commonwealth's major training initiative, the so-called Bay State Skills Corp.

The Bay State Skills Corp. arose out of the realization that many of our fastest growing businesses could not obtain the numbers of skilled people needed to sustain their growth; at the same time, we had an excellent group of institutions—including private and public universities, community colleges, skill centers, and the like—which were seeking guidance from the private sector in the selection of high growth occupations to train for.

Bay State Skills Corp. was created to bridge that gap and thereby expand the State's skills training capacity. The corporation requires the private sector concern to pair up with an educational institution and pay at least half the cost; the State, through the corporation, pays the other half.

For example, we have a group of small machine shops investing money and equipment in a local community college to train machinists; we have a very large CAD-CAM company—that stands for computer aided design/computer assisted manufacturing—leading to robotics, working with a private university to train CAD-CAM technicians and bring the latest manufacturing technology to small, private firms which could not otherwise afford it.

We have a private college working with a large computer manufacturer to retrain laid off public school teachers for new high tech careers. The Bay State concept is working, and business is responding because it is in its own self-interest to do so.

In the short run, we want to use the corporation money to train people for immediate job openings; in the long run, we want business and training institutions to develop close working relationships—ongoing relationships—to train the people we need for our work force.

Manpower training, productivity, the need to educate our people more effectively for jobs in the eighties—these are my favorite subjects, and I could go on indefinitely.

But let me close by saying that I believe we need to think of CETA, of manpower planning, of job service, of job clubs, of all those programs and titles and efforts as job oriented.

For too long we have seen these programs primarily as social service efforts, and I believe we have administered them as such. It is time to put that mentality aside.

Thank you.

Mr. **Jeffords**. Thank you very much. I think Mr. Doody is with you.

Mr. **Kariotis**. Yes, sir, Mr. Doody is with me. This is Mr. Doody who is the director of our division of employment security in Massachusetts.

Mr. **Jeffords**. Please proceed, Mr. Doody.

[The prepared statement of Eugene Doody follows:]

## Prepared Statement of Eugene Doody, Director of Employment Security, Commonwealth of Massachusetts

### INTRODUCTION

Mr. Chairman and members of the subcommittee, I want to thank you for the opportunity to be here today to present testimony concerning initiatives for employment and training legislation.

My name is Eugene Doody and I am presently Director of the Massachusetts Division of Employment Security. I am on a leave of absence from private industry where I have held executive and management positions in the personnel and human relations field in manufacturing, service and high technology industries. I am also on leave as a Senior Lecturer in Human Relations and Personnel Management for Northeastern University in Boston. I joined State Government in January, 1980 and look forward to returning to private industry when my tour in government is complete.

The purpose of my testimony is to present views from both the private sector and the public sector on the need for a national training and employment policy and a coordinated system to implement this policy.

### ASSUMPTIONS AND CONDITIONS

Let met indicate at the outset my belief that there must be a governmental role in the design, implementation, administration and control of a nationally coordinated Training and Employment System.

Let me state further my belief that design of this System must meet economic development needs and fulfill social responsibility needs at both the Federal and State levels of government. I will also assume that the outcomes to such a System is jobs creation with employers and jobs placement for individuals. A further condition for successful program design must be the recognition that in the 1980's we are dealing with a significantly diminishing labor supply at both national and state levels and therefore must make better utilization of human resources available to us. Exhibit I highlights the significant national trend.

Having established basic assumptions, let me further define the model by identifying those most in need of skills development and the job placement efforts to be generated by a nationally-coordinated Training and Employment System. I believe three of the key groups that the System must deal with effectively are the youth, the women reentering the labor force and the workers with displaced technical skills.

### SKILLS DEFINED

Other speakers today will present a range of proposals discussing skills development programs. For purposes of outlining a Training and Employment System, I believe it necessary to redefine the critical word "skills" in terms of the talents necessary for successfully accomplishing job placement. One of the most difficult challenges for any individual is Job Finding. I would submit that successful Job Finding requires three key skills: (1) Technical skills; (2) Job-readiness skills; and (3) Job-seeking skills.

The individual job seeker must not only have a product to market but must also know how and where to market that product. The unemployed individual without these three key skills soon discovers Job Finding is an extended, complicated, expensive and frustrating human experience.

The three key skills necessary to successful job placement can be defined as

Technical skills.—The mental and physical abilities necessary for a given job.

Job-readiness skills.—An ability to work well with groups of people; acknowledgement and willingness to accept direction and supervision; a clear understanding that each job must have outcomes that are considered productive by the organization.

Job-seeking Skills.—Capacity to initiate a job search activity dealing effectively with the recruiting, screening, testing and placement techniques required by the hiring organization; ability to complete an employment application or develop a resume; an awareness of the interviewing process and its expected outcomes.

We have learned than an individual may have technical skills but without job-readiness skills and job-seeking skills, that individual is most unlikely to be accepted for employment.

### TARGET GROUPS

Lacking the skills described above impacts on every individual who is job-seeking whether that individual be professional, technical, administrative, clerical or blue collar. Of more specific concern are groups within our society who bear a heavier burden and require special assistance to attain access to the marketplace and to obtain an opportunity for entry into that marketplace. I would suggest that among the largest groups requiring such special services are: (1) Youth first-seeking entry into the marketplace; (2) Women who have been out of the marketplace and have a need to reenter; and (3) Unemployed workers whose technical skills have been displaced.

For the youth, programs must be designed and implemented to retain these young people within the educational structure at least until a high school diploma is achieved. From both a social and an economic viewpoint, we must also eliminate time lost between high school graduation and entrance into a first fulltime position for those not going on to further education.

Women absent from the labor market who are now reentering may well find that past technical skills training are likely to have become obsolete. Possible obsolescence of such technical skills is no less threatening than the fact that their job-readiness and job-seeking skills are obsolete. The worker having technical skills who has lost employment because those technical skills are now obsolete or have been geographically displaced is a third category requiring special assistance. I would like to outline programs within my knowledge which have been developed and implemented to alleviate job placement difficulties for individuals in these target groups.

### WOMEN AND EMPLOYMENT

Women have been displaced from the labor market for a large variety of reasons. Many had withdrawn from the marketplace to become homemakers. Others have had personal circumstances develop which require that they become welfare-dependent. Still others had temporarily withdrawn from the labor market as homemakers and then encountered domestic difficulties which require them to become the sole wage earner for a family.

Special programs have been developed in Massachusetts to assist mothers who have become welfare-dependent. Utilizing industrial motivational concepts developed by McGregor, Maslow and Herzberg and incorporating these with Management by Objective concepts articulated by Professor Ordione, the Massachusetts Division of Employment Security has created a statewide network of twenty-seven organizational units geared to providing welfare mothers with job-seeking and job-placement skills. In its short period of existence, the program has accomplished dramatic results. Sixty percent of those who enroll in this program have found a fulltime private sector job in less than five weeks. Fully eighty percent of those who enroll and complete the five-week period will have found fulltime private sector jobs. The essence of the program is the development of a high level of self-motivation, strong peer support, and an independent self-directed effort. Success of the program has truly been extraordinary. Placements have been accomplished in urban, suburban and rural areas. Placements have been accomplished without consideration for economic conditions within the State.

Results of this program to date are:

ENTERED EMPLOYMENTS

| | Annualized | Cumulative from 1979 base year |
|---|---|---|
| 1979 | | |
| 1980 | 562 | 562 |
| 1981 | [illegible],803 | 2,365 |
| 1982 (projected) | 2,6[illegible] | 5,040 |

Note.—The program is detailed in Exhibit II.

With the support from both federal and state levels, concepts of this program can readily be applied to other groups or individuals who are job seeking such as unemployed youth and displaced workers.

### YOUTH AND EMPLOYMENT

The issue of youth employment must be addressed while the young person is still in high school. Job program objectives should be directed toward (a) retaining young people in high school until a diploma has been received and (b) placement in a fulltime job for those not having the opportunity or the resources available for continuing fulltime education beyond high school.

The Massachusetts DES Youth Bridge Program deals with these issues by providing job-seeking and job-readiness skills to both high school counselors and high school students. Most school systems take pride in the accomplishment that over sixty percent of graduates go on to post-high school education. Educational objectives should be that one hundred percent go on to education beyond high school. The fact is that forty percent do not immediately go on to training beyond high school. Our present education and training systems are not taking advantage of this very valuable human resource.

There is no data which proves that youth are less interested, less able, or less productive than adults in the work environment. The need exists to design a transition program that is a "youth bridge" from the school place to the work place which provides youth with the array of skills necessary to accomplish this difficult transition. One feature of the Massachusetts Youth Bridge Program places fulltime job Counselors directly in the high school on a year-round basis. Job Counselors are provided the necessary placement tools by the Massachusetts Division of Employment Security and the Massachusetts Occupational Information System. Job Counselors have an understanding of the immediate and the long-range needs of employers in that specific community labor market area. The Massachusetts DES computer-based data system identifies open positions, both full and part time, salaries paid for these positions and with a description of both the job and the company. This information is maintained currently with changes made on a daily basis. The Massachusetts Occupational Information System is also a computer-based facility located directly in the high school. This self-service system provides vocational job guidance data on a current basis to all students in the high school.

The Massachusetts DES Bridge Program has also included a youth training program for high school Guidance Counselors whose primary mission is to guide students to higher education. This program provided a six-week hands-on training in the local DES Job Matching Center. The high school Guidance Counselor becomes more valuable in assisting students in attaining both vocational as well as academic objectives.

This innovative Youth Bridge Program has accomplished dramatic results since its establishment. Placement results to date are:

| | Annualized | Cumulative form 1979 base year |
|---|---|---|
| 1979 | 1,200 | 1,200 |
| 1980 | 2,010 | 3,210 |
| 1981 | 4,500 | 7,710 |
| 1982 (projected) | 3,800 | 11,510 |

Note.—This data is detailed in Exhibit III.

In 1981 the Massachusetts Youth Bridge Program operated in 31 high schools throughout the State. With redirected policy and financial resources, this Program should be expanded to serve each of the 351 communities in Massachusetts.

## DISPLACED WORKERS AND EMPLOYMENT

The third major group requiring special governmental attention are those individuals with a work history but who are unemployed because of obsoleted technical skills or geographic dislocation of jobs. The Massachusetts Division of Employment Security has developed and recently implemented a special New Era program for individuals who have been in the workforce but have lost jobs because skills have become obsolete or because of a severe economic reduction in that labor market area. The Program provides intensive one-on-one counseling to obtain alternate skill matches for jobs available in that labor market area, to ascertain that individual's willingness to relocate to utilize technical skills, or to determine availability of education and training programs within the labor market area.

Self-directed job search described above can readily be expanded to provide job-seeking and job-placement skills to this labor group. The concept of providing local community access to a conveniently located self-service Job Bank or to a self-service Occupation Information System which utilize existing community resources is another program deserving full attention.

One other program applicable to this group and which can readily be applied to unemployed youth group and the unemployed women group is the use of tax incentives for employment and training purposes. The U.S. Congress authorized the establishment of employment tax credits in the Revenue Act of 1978 and recently voted to extend this program through 1982.

In its earlier stage, the tax credit program was not readily accepted by private sector employers who feared the inevitability of governmental red tape, a myriad of regulations and a swarm of compliance officers.

Certification by the Massachusetts DES are detailed in Exhibit IV and are summarized below:

### TJTC CONTRIBUTIONS

| | Annualized | Cumulative |
|---|---|---|
| 1979 | 589 | 589 |
| 1980 | 4,187 | 4,776 |
| 1981 | 5,672 | 10,448 |

It has taken three years for employers to understand that this program will generate job-ready applicants while compensating employers through tax credits for their special efforts in recruiting and placing individuals in groups in the workforce. Presently this program provides a federal income tax credit up to $3,000 in the first year. Enhancement of this program to make it not only an employment program but also a technical training program will expand its appeal to both employers and participants. Objectives of an enhanced tax credit program should be to encourage the movement of these individuals up the career ladder within the company. Results should be measured based upon the promotion of the targeted individual. The targeted individual thus is not only moving up the career ladder but is also creating an entrance position vacancy for another member of a targeted group. Financial analysis will readily establish that this program can be tax cost effective.

## INTERGOVERNMENTAL COORDINATION

A Training and Employment System has been designed whose economic and social objectives require both a federal and a state presence in policy design. The

System defined will function most effectively by having program and policy implementation at the state level.

This dual approach to management is necessary since our economic development needs and our social responsibilities can be defined best at both the federal and state levels. Programs described are designed to be flexible and to be appropriate to needs. Programs can be implemented for the appropriate population at the appropriate time to meet the needs of an appropriate geographic location within each state. This Cafeteria approach to program management will maximize results and minimize costs in time and dollars by avoiding the expense of an administrative overhead and duplication of services. To function most effectively each state should have a core staffing organization capable of program design and implementation so that the needs of a given community can be served by the addition of specialists trained to implement a specific program and directed to serving a specific population.

The thrust of such Training and Employment System must be to provide jobs for participants and to fill jobs for employers. It is entirely reasonable to assume that eighty percent of the population has some element of technical skills, job readiness skills, or job-seeking skills. Twenty percent of the population does not have any of these skills. A common delivery system to fill employer job needs can impact on the full one hundred percent of the population, both the eighty percent having some skills and the twenty percent needing some skills.

## MATRIX CONFIGURATION

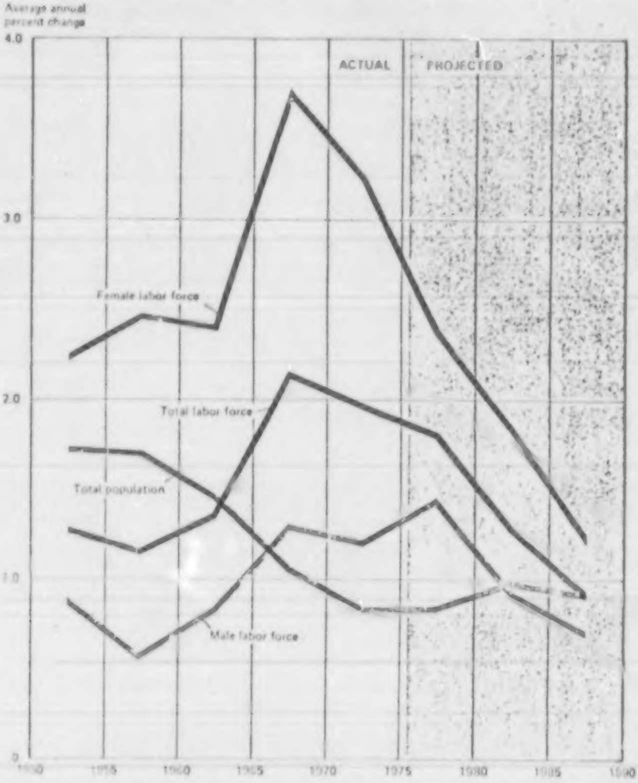
Elements of Training and Employment System have been defined to meet both national and state economic and social objectives. Three of the target groups most in need for employment and training assistance have been highlighted and three programs have been described which deal with imparting critical and necessary job seeking skills and job placement skills without which no individual can find a place in the labor market.

The principal advantage of the components descirbed is that they can be placed in a matrix configuration. The three programs describing individualized job search, the community-based self-service counseling and placement program, and the utilization of tax incentives to accelerate employer participation is applicable not only to each of the three target groups described but also to other target groups which may be added.

Key to the success of a federal and state Training and Employment System is that it must be flexible and applicable to all target groups.

Exhibit I

Chart 8/1c. Rate of Change in Population and Labor Force, by Sex: 1950-55 to 1985-90



See technical notes and table 8/1.

Source: "Social Indicators 1976" U.S. Department of Commerce, December, 1977

## EXHIBIT II.—DIVISION OF EMPLOYMENT SECURITY, COMMONWEALTH OF MASSACHUSETTS—MASSACHUSETTS DES JOB CLUB PROGRAM

| Federal fiscal year | Total entered employment for job club participants | | Job clubs operating |
|---|---|---|---|
| | Annualized | Cumulative from base year | |
| 1979 (base year) | 0 | | |
| 1980 | 562 | 562 | 7 |
| 1981 | 1,803 | 2,365 | 27 |
| 1982 (projected)[1] | [2]2,675 | 5,040 | [3]32 |

[1] The Massachusetts DES WIN/Job Club Program projects total Entered Employments of welfare recipients in 1982 will exceed 13,000

[2] Participants in Massachusetts DES Job Club Program projected at 4,385. All to be placed in private sector jobs.

[3] Job Clubs are primarily in the inner city. They are located in Boston (4), Lowell (4), Springfield (3), Worcester (3), Cambridge (2), Brockton (2), Fall River (2), Holyoke (2), Lynn (2), Malden (2), Salem (2), New Bedford (1), Northampton (1), Quincy (1), and Taunton (1).

## EXHIBIT III.—DIVISION OF EMPLOYMENT SECURITY, COMMONWEALTH OF MASSACHUSETTS—MASSACHUSETTS DES YOUTH BRIDGE PROGRAM

| Federal fiscal year | Total placements of high school youth | | In-school job matching—high schools impacted |
|---|---|---|---|
| | Annualized | Cumulative from base year | |
| 1979 (base year) | 1,200 | 1,200 | 9 |
| 1980 | 2,010 | 3,210 | 12 |
| 1981 | 4,500 | 7,710 | 31 |
| 1982 (projected)[1] | [2]3,800 | 11,510 | [2]25 |

[1] The Massachusetts DES youth bridge program projects total placements for all youth in 1982 at 28,855.

[2] Federal fiscal year 1982 plan reduced due to 20 percent reduction in job match funding.

## EXHIBIT IV.—DIVISION OF EMPLOYMENT SECURITY COMMONWEALTH OF MASSACHUSETTS—TARGETED JOBS TAX CREDIT PROGRAM

| Federal fiscal year | Massachusetts DES TJTC certifications | |
|---|---|---|
| | Annualized | Cumulative |
| 1979 (base year) | 589 | 589 |
| 1980 | 4,187 | 4,776 |
| 1981 | 5,672 | 10,448 |
| 1982 (projected) | [1]n.a. | ([1]) |

[1] Plan and projection for fiscal year 1982 incomplete pending resolution of fiscal year 1982 budget and issuance of Federal guidelines.

## STATEMENT OF EUGENE J. DOODY, DIRECTOR, MASSACHUSETTS DIVISION OF EMPLOYMENT SECURITY, COMMONWEALTH OF MASSACHUSETTS

Mr. DOODY. Thank you very much, Mr. Chairman.

Mr. Chairman and members of the subcommittee, I want to thank you for the opportunity to be here today to present testimony concerning initiatives for employment and training legislation.

My name is Eugene Doody and I am presently director of the Massachusetts Division of Employment Security. I am on leave of absence from private industry where I have held executive and management positions in the personnel and human relations field in manufacturing, service and high technology industries.

I am also on leave as a senior lecturer in human relations and personnel management for Northeastern University in Boston. I joined the State government in January 1980, and look forward to returning to private industry when my tour in government is complete.

The purpose of my testimony is to present views from both the private sector and the public sector on the need for a national training and employment policy and a coordinated system to implement this policy.

In the interest of your time schedule I have reduced my testimony and I would just excerpt from it. I would call your attention to the four exhibits in the back because we will be referring to those.

Let me indicate at the outset my belief that there must be a governmental role in the design, implementation, administration, and control of a nationally coordinated training and employment system.

Let me state further my belief that design of this system must meet economic development needs and fulfill social responsibility needs at both the Federal and State levels of government.

I will also assume that the outcomes to such a system is jobs creation with employers and jobs placement for individuals.

A further condition for successful program design must be the recognition that in the 1980's we are dealing with a significantly diminishing labor supply at both national and State levels and therefore must make better utilization of human resources available to us. My exhibit 1 in back highlights the significant national trend through 1990.

Having established basic assumptions, let me further define the model by identifying those most in need of skills development and the job placement efforts to be generated by a nationally coordinated training and employment system.

I believe three of the key groups that the system must deal with effectively are the youth, the women reentering the labor force and the workers with displaced technical skills.

Other speakers today will present a range of proposals discussing skills development programs. For purposes of outlining a training and employment system, I believe it necessary to redefine the critical word "skills" in terms of the talents necessary for successfully accomplishing job placement.

One of the most difficult challenges for any individual is job finding. I would submit that successful job finding requires three key skills:

1. Technical skills; 2. Job-readiness skills; 3. Job-seeking skills.

The individual job seeker must not only have a product to market but must also know how and where to market that product.

The unemployed individual without these three key skills soon discovers job finding is an extended, complicated, expensive, and frustrating human experience.

Lacking the skills described above impacts on every individual who is job seeking whether that individual be professional, technical, administrative, clerical, or blue collar.

Of more specific concern are groups within our society who bear a heavier burden and require special assistance to attain access to the marketplace and to obtain an opportunity for entry into that marketplace.

I would suggest that the three largest groups requiring such special services are:

1. Youth first seeking entry into the marketplace.

2. Women who have been out of the marketplace and have a need to reenter.

3. Unemployed workers whose technical skills have been displaced.

I would like to outline programs within my knowledge which have been developed and implemented to alleviate job placement difficulties for individuals in these target groups.

First, women and employment. Women have been displaced from the labor market for a variety of reasons. Many had withdrawn from the marketplace to become homemakers. Others have had personal circumstances develop which require that they become welfare-dependent.

Still others had temporarily withdrawn from the labor market as homemakers and then encountered domestic difficulties which require them to become the sole wage earner for a family.

This is a phenomena which has accelerated in the seventies and, unfortunately, looks like it is going to accelerate in the eighties.

Special programs have been developed in Massachusetts to assist mothers who have become welfare-dependent. Utilizing industrial motivational concepts developed by McGregor, Maslow and Herzberg and incorporating these with management by objective concepts articulated by Professor Ordione, the Massachusetts Division of Employment Security has created a statewide network of 27 organizational units since 1979 geared to providing welfare mothers with job-seeking and job-placement skills.

In its short period of existence, the program has accomplished dramatic results. Sixty percent of those who enroll in this program have found a full-time private sector job in less than 5 weeks. Fully 80 percent of those who enroll and complete the 5-week period will have found full-time private sector jobs.

The essence of the program is the development of a high level of self-motivation, strong peer support, and an independent self-directed effort. Success of the program has truly been extraordinary.

Placements have been accomplished in urban, suburban, and rural areas. Placements have been accomplished without consideration for economic conditions within the State.

We have gone in our State from a zero participation in this program in 1979 to final participation of 562 in 1980, 2,365 in 1981 and projected 5,040 in 1982.

With the support from both Federal and State levels, concepts of this program can readily be applied to other groups or individuals who are job seeking such as unemployed youth and displaced workers.

Youth and employment:

The issue of youth employment must be addressed while the young person is still in high school. Job program objectives should be directed toward (a) retaining young people in high school until a diploma has been received and; (b) placement in a full-time job for those not having the opportunity or the resources available for continuing full-time education beyond high school.

The Massachusetts DESD Youth Bridge program deals with these issues by providing job-seeking and job-readiness skills to both high school counselors and high school students.

Most school systems take pride in the accomplishment that over 60 percent of graduates go on to post-high school education. Educational objectives should be that 100 percent go on to education beyond high school.

The fact is that 40 percent do not immediately go on to training beyond high school. Our present education and training systems are not taking advantage of this very valuable human resource.

There is no data which proves that youth are less interested, less able, or less productive than adults in the work environment. The need exists to design a transition program that is a "youth bridge" from the school place to the workplace which provides youth with the array of skills necessary to accomplish this difficult transition.

One feature of the Massachusetts Youth Bridge program places full-time job counselors directly in the high school on a year-round basis. Job counselors are provided the necessary placement tools by the Massachusetts Division of Employment Security and the Massachusetts Occupational Information System. Job counselors have an understanding of the immediate and the long-range needs of employers in that specific community labor market area.

The Massachusetts DES computer based data system identifies open positions, both full and part time, salaries paid for these positions and with a description of both the job and the company.

This information is maintained currently with changes made on a daily basis. The Massachusetts Occupational Information System is also computer based and located directly in the high school. This self-service system provides vocational job guidance data on a current basis to all students in the high school.

In 1981 the Massachusetts Youth Bridge program operated in 31 high schools throughout the State. With redirected policy and financial resources, this program should be expanded to serve each of the 351 communties in Massachusetts.

We anticipate placement of over 11,000 new students in 1982.

The third major group requiring special governmental attention are those individuals with a work history but who are unemployed because of obsoleted technical skills or geographic dislocation of jobs.

The Massachusetts Division of Employment Security has developed and recently implemented a special new era program for individuals who have been in the work force but have lost jobs because skills have become obsolete or because of a severe economic reduction in that labor market area.

The program provides intensive one-on-one counseling to obtain alternate skill matches for jobs available in that labor market area, to ascertain that individual's willingness to relocate to utilize technical skills, or to determine availability of education and training programs within the labor market area.

I would like to pass over this and move on to a new group.

The U.S. Congress authorized the establishment of employment tax credits in the Revenue Act of 1978 and recently voted to extend this program through 1982.

In its earlier stage, the tax credit program was not readily accepted by private sector employers who feared the inevitability of governmental red tape, a myriad of regulations and a swarm of compliance officers.

It has taken 3 years for employers to understand that this program will generate job-ready applicants while compensating employers through tax credits for their special efforts in recruiting and placing individuals in groups in the work force.

Presently this program provides a Federal income tax credit up to $3,000 in the first year. Enhancement of this program to make it not only an employment program but also a technical-training program will expand its appeal to both employers and participants.

Objectives of an enhanced tax credit program should be to create the movement of these individuals up the career ladder within the company. Results should be measured based upon the promotion of the targeted individual.

We are talking about people coming into the program through TJTC and also a following on through so that many individuals do not stagnate at a certain position.

The targeted individual thus is not only moving up the career ladder but is also creating an entrance position vacancy for another member of a targeted group. Financial analysis will readily establish that this program can be tax cost effective.

In summary, let me say that elements of a training and employment system have been defined to meet both economic and social objectives.

Three of the target groups most in need for employment and training assistance have been highlighted and three programs have been described which deal with imparting critical and necessary job-seeking skills and job-placement skills without which no individual can find a place in the labor market.

The principal advantage of the components described is that they can be placed in a matrix configuration. The three programs describing individualized job search, the community-based self-service counseling and placement program, and the utilization of tax incentives to accelerate employer participation is applicable not only to each of the three target groups described but also to other target groups which may be added.

Key to the success of a Federal and State training and employment system is that it must be flexible and applicable to all target groups.

I thank you very much for this opportunity.

Mr. JEFFORDS. Thank you very much for your testimony.

Mr. Mitchell.

[The prepared statement of John Mitchell follows:]

## PREPARED STATEMENT OF JOHN M. MITCHELL FOR THE NATIONAL TOOLING & MACHINING ASSOCIATION

Mr. Chairman and Members of the Committees, my name is John Mitchell. I am Vice President of Mitchell Machine Co. in Springfield, Mass., and I am President of the Western Massachusetts Chapter of the National Tooling and Machining Association. Our Association represents 4,000 companies employing approximately 250,000 workers. I appreciate your invitation to testify before these committees on Employment Opportunities and Employment and Productivity. I shall confine my remarks to the questions concerning appropriate objectives of employment and training policy, methods for carrying out these objectives, and the role of the private sector in the design and implementation of employment training policy.

We should put forth efforts to develope instead of maintaining people. Our past direction of putting emphasis on providing opportunities for the "Hard to Train" rather than developing those with the highest potential has led to high unemployment and low productivity. A significant portion of CETA resources should be directed toward skills training to rebuild America's dwindling skilled workforce. I quote from a proposal submitted by the National Research Council, an operating agency of the National Academy of Sciences, "The ability to mobilize for a protracted conflict will depend on a healthy and modernized, domestic production base. Shortages of skilled workers in such critical trades as tool and die making and precision machining, would seriously hamper the mobilization. Indeed, such shortages already threaten to impede current efforts to revitalize the industrial economy. There is a strong, continuing demand for skilled metal workers of all types, yet their members continue to dwindle. An aging work force is not being adequately replenished by young apprentices and trainees. The problem appears to be national in scope and consequence. It deserves national attention and coherent action by government, industry, and institutions of education and training." Statistically, it has been difficult to accurately determine the full scope of the skilled trades shortage. The National Tooling and Machining Association surveyed 3,058 member companies. These companies were personally contacted and provided complete data. The highlights of the survey are as follows:

A favorable ration of one apprentice to three journeymen exists. Nearly 11 percent of the journeymen currently employed are expected to retire during the next 5 years. Although more than 50 percent of the responding companies reported business conditions "down", the existing skilled journeyman workforce could be expanded right now by 21 percent. If business conditions were ideal present employment of journeymen could be expanded by 49 percent; 58 percent more apprentices would be hired during the next 12 months if qualified applicants were available.

A need of up to 31,772 journeymen is indicated even under current recessionary conditions, when survey data from 3,058 companies is extended to the entire industry, which is estimated at 14,000 companies, a total aggregate demand of 74,120 journeymen would be suggested providing they were available.

In a 1980 report of the Defense Industrial Base Panel of the House Committee on Armed Services, Chairman Mel Price concluded that, "In the event of a war, the U.S. defense industry would find it almost impossible to expand its weapons production suddenly and dramatically in the numbers necessary to sustain a prolonged conflict." In the same report, the Defense Science Board Task Force concluded that a major contributor to the increasing lead time and cost currently affecting the defense sub-community is a continuing shortage of skilled labor among small business subcontractors. "It is clear that the shortages of machinists and other skilled laborers are contributing factors which adversely affect the ability of the sub-tier base to respond rapidly to significant increases in defense production demands."

If anything, this report may be understating the problem. An industry base survey conducted by NTMA in 1980 showed a shortage of 60,000 skilled workers right now with a demand expected to climb to 250,000 additional workers by 1985. Unless this critical skilled labor shortage is addressed, we will find that major weapons systems will face costly and time-consuming delays as they must wait in turn for the specialized, highly-skilled services of one of our subcontractors. In a peacetime economy, they will be competing against private industry, which will be building new assembly lines as a result of the incentives for business investment provided in the President's tax package.

The present skills shortage is living proof that existing programs designed to encourage training have failed to do the job. Programs funded through the Department of Labor, such as CETA, have gradually become social uplift in orientation. They are designed to train the economically disadvantaged for jobs that may or may not exists, rather than designed to identify and train those qualified for the high-paying, but equally demanding, available skilled jobs. The former may have sociological value, but the latter makes economic sense. A skilled worker in the tooling and machining industry, the high technology electronics industry, and others need certain mathematical skills and logical aptitudes, physical dexterity, patience, determination, preserverance, and imagination. They are perhaps the most highly skilled workers in America today.

Our industry has run a CETA-funded pre-employment program for 18 years. It has long been considered one of the best joint efforts between industry and government. If it had been adequately funded and continued operating under the original Manpower Development and Training Act, it could have done a tremendous amount to alleviate the shortage that now exists. However, even if we were funded at higher rates under the CETA criteria, the effectiveness and acceptance of this program would continue to deteriorate until the government recognizes that basic aptitude, rather than Socioeconomic background, is the single most important determinant of potential success for highly skilled jobs. Business must be permitted to recruit people with proper qualifications rather than be forced to recruit persons who are in many cases untrainable for highly skilled professions.

In addition, Congress should consider complimentary incentives to stimulate on-the-job training once the trainee enters the workplace. The cost of on-the-job training for highly skilled labor in capital intensive industries is massive. In our industry, the average equipment investment alone is $40,000 to $60,000 per worker. The apprenticeship training process involves a significant temporary loss of productivity because journeymen must take many productive hours off their own machines to help train the apprentices. Companies in small business industries such as the tooling and machining industry often lack formal training programs and have relied on the European approach to apprenticeship development over hundreds of years.

For on-the-job training to continue in today's highly competitive and inflationary business environment, something must be done to offset these tremendous training costs in those industries with existing shortages of skilled labor. Legislation that would provide significant tax credits to stimulate the training of skilled labor in industries with existing shortages of skilled labor would provide the most effective utilization of available resources in that the federal government would be assured that there were existing high paying jobs available for those people eligible for the tax credit.

It is important that the private sector play a significant role in the design and implementation of employment training policy. A more balanced approach is needed to satisfy social goals and industries needs for skilled help. The barriers to enthusiastic and helpful support from the private sector are the age old ones of "time and money". However, National organizations, labor unions and trade associations, are particularly well suited to designing and conducting programs. They command the confidence of small business. They must provide the quality programs required by business and they must satisfy the job market. The Department of Labor's Office of National Programs which administers programs to meet special labor situations and problems should be more adequately funded, whereas its funding has been dramatically cut. National programs also offer substantial administrative economies.

Congress in the Manpower Development and Training Act of 1962 said that its purpose was to, "identify manpower shortages and fund programs which would train qualified people as quickly as is reasonably possible in order that the Nation may meet the staffing requirements of the struggle for freedom." I recommend that CETA focus a significant portion of its efforts on training qualified people for skilled occupations. America's industrial and defense needs are still at stake.

I appreciate the opportunity of appearing here today. Thank you.

## STATEMENT OF JOHN M. MITCHELL, VICE PRESIDENT, MITCHELL MACHINE CO., SPRINGFIELD, MASS., AND PRESIDENT, WESTERN MASSACHUSETTS CHAPTER OF THE NATIONAL TOOLING & MACHINING ASSOCIATION

**Mr. Mitchell.** Thank you very much, Mr. Chairman and members of the committee.

My name is John Mitchell. I am vice president of Mitchell Machine Co. in Springfield, Mass., and I am president of the Western Massachusetts chapter of the National Tooling & Machining Association. Our association represents 4,000 companies employing approximately 250,000 workers.

I appreciate your invitation to testify before this subcommittee. I shall confine my remarks to the questions concerning appropriate objectives of employment and training policy, methods for carrying out these objectives, and the role of the private sector in the design and implementation of employment training policy.

We should put forth efforts to develop instead of maintaining people. Our past direction of putting emphasis on providing opportunities for the "hard to train" rather than developing those with the highest potential has led to high unemployment and low productivity.

A significant portion of CETA resources should be directed toward skills training to rebuild America's dwindling skilled work force.

I quote from a proposal submitted by the National Research Council, an operating agency of the National Academy of Sciences:

> The ability to mobilize for a protracted conflict will depend on a healthy and modernized, domestic production base. Shortages of skilled workers in such critical trades as tool and die making and precision machining, would seriously hamper the mobilization.
>
> Indeed, such shortages already threaten to impede current efforts to revitalize the industrial economy. There is a strong, continuing demand for skilled metal workers of all types, yet their members continue to dwindle. An aging work force is not being adequately replenished by young apprentices and trainees.
>
> The problem appears to be national in scope and consequence. It deserves national attention and coherent action by government, industry, and institutions of education and training.

Statistically, it has been difficult to accurately determine the full scope of the skilled trades shortage. The National Tooling & Machining Association surveyed 3,058 member companies. These companies were personally contacted and provided complete data. The highlights of the survey are as follows:

A favorable ratio of one apprentice to three journeymen exists.

Nearly 11 percent of the journeymen currently employed are expected to retire during the next 5 years.

Although more than 50 percent of the responding companies reported business conditions "down", the existing skilled journeyman work force could be expanded right now by 21 percent.

If business conditions were ideal, present employment of journeymen could be expanded by 49 percent.

Fifty-eight more apprentices would be hired during the next 12 months if qualified applicants were available.

A need of up to 31,772 journeymen is indicated even under current recessionary conditions, when survey data from 3,058 companies is extended to the entire industry, which is estimated at 14,000 companies, a total aggregate demand of 74,120 journeymen would be suggested providing they were available.

In a 1980 report of the defense industrial base panel of the House Committee on Armed Services, Chairman Mel Price concluded that, "In the event of a war, the U.S. defense industry would find it almost impossible to expand its weapons production suddenly and dramatically in the numbers necessary to sustain a prolonged conflict."

In the same report, the defense science board task force concluded that a major contributor to the increasing lead time and cost currently affecting the defense subcommunity is a continuing shortage of skilled labor among small business subcontractors.

> It is clear that the shortages of machinists and other skilled laborers are contributing factors which adversely affect the ability of the subtier base to respond rapidly to significant increases in defense production demands.

If anything, this report may be understating the problem. An industry survey conducted by NTMA in 1980 showed a shortage of 60,000 skilled workers right now with a demand expected to climb to 250,000 additional workers by 1985.

Unless this critical skilled labor shortage is addressed, we will find that major weapons systems will face costly and time-consuming delays as they must wait in turn for the specialized, highly skilled services of one of our subcontractors.

In a peacetime economy, they will be competing against private industry, which will be building new assembly lines as a result of the incentives for business investment provided in the President's tax package.

The present skills shortage is living proof that existing programs designed to encourage training have failed to do the job.

Programs funded through the Department of Labor, such as CETA, have gradually become social uplift in orientation They are designed to train the economically disadvantaged for jobs that may or may not exist, rather than designed to identify and train those qualified for the high-paying, but equally demanding, available skilled jobs. The former may have sociological value, but the latter makes economic sense.

A skilled worker in the tooling and machining industry, the high technology electronics industry, and others need certain mathematical skills and logical aptitudes, physical dexterity, patience, determination, perseverance, and imagination. They are perhaps the most highly skilled workers in America today.

Our industry has run a CETA-funded preemployment program for 18 years. It has long been considered one of the best joint efforts between industry and Government. If it had been adequately funded and continued operating under the original Manpower Development and Training Act, it could have done a tremendous amount to alleviate the shortage that now exists.

However, even if we were funded at higher rates under the CETA criteria, the effectiveness and acceptance of this program would continue to deteriorate until the Government recognizes that basic aptitude, rather than socioeconomic background, is the single most important determinant of potential success for highly skilled jobs.

Business must be permitted to recruit people with proper qualifications rather than be forced to recruit persons who are in many cases untrainable for highly skilled professions.

In addition, Congress should consider complimentary incentives to stimulate on-the-job training once the trainee enters the workplace.

The cost of on-the-job training for highly skilled labor in capital intensive industries is massive. In our industry, the average equipment investment alone is $40,000 to $60,000 per worker. The apprenticeship training process involves a significant temporary loss of productivity because journeymen must take many productive hours off their own machines to help train the apprentices.

Companies in small business industries such as the tooling and machining industry often lack formal training programs and have relied on the European approach to apprenticeship development over hundreds of years.

For on-the-job training to continue in today's highly competitive and inflationary business environment, something must be done to offset these tremendous training costs in those industries with existing shortages of skilled labor.

Legislation that would provide significant tax credits to stimulate the training of skilled labor in industries with existing shortages of skilled labor would provide the most effective utilization of available resources in that the Federal Government would be assured that there were existing high-paying jobs available for those people eligible for the tax credit.

It is important that the private sector play a significant role in the design and implementation of employment training policy. A more balanced approach is needed to satisfy social goals and industries needs for skilled help.

The barriers to enthusiastic and helpful support from the private sector are the age-old ones of time and money. However, national organizations, labor unions, and trade associations are particularly well suited to designing and conducting programs.

They command the confidence of small business. They must provide the quality programs required by business and they must satisfy the job market.

The Department of Labor's Office of National Programs which administers programs to meet special labor situations and problems should be more adequately funded, whereas, its funding has been dramatically cut.

National programs also offer substantial administrative economies.

Congress, in the Manpower Development and Training Act of 1962, said that its purpose was to identify manpower shortages and fund programs which would train qualified people as quickly as is reasonably possible in order that the Nation may meet the staffing requirements of the struggle for freedom.

I recommend that CETA focus a significant portion of its efforts on training qualified people for skilled occupations. America's industrial and defense needs are still at stake.

I appreciate the opportunity of appearing here today. Thank you.

Mr. **Jeffords**. Thank you very much.

Mr. Chairman?

Mr. **Hawkins**. Again we have, I think, a very excellent panel.

Mr. Mitchell, on page 5 of your statement you said:

> Business must be permitted to recruit people with proper qualifications rather than be forced to recruit persons who are, in many cases, untrainable for highly skilled professions.

Would you clarify what that statement means? Does it mean that they should pick and choose those that should be trained or does that statement include the chronically unemployed as well?

Mr. **Mitchell**. Well, it means that business should be given the opportunity to choose people who have the aptitude to perform highly skilled jobs that have a chance of obtaining success after their training rather than being forced to train people whose backgrounds make it almost impossible or impossible for them to attain the levels of the highly skilled trades.

Mr. **Hawkins**. Well, it is not clear to me who would train the individuals who would be construed to be chronically unemployed. Let's say an individual applies for a training position under this criteria but who has been unemployed off and on most of one's adult life.

He is poorly motivated perhaps with a very low education. Would you say that that individual then is not the responsibility of the business and should not be hired?

I am not suggesting that as my opinion. I am simply wondering what is to be done with those who may at least be perceived to be unfit for training or, let's say, the most difficult cases, the more expensive ones to train.

Do you think that there is some responsibility for that group and whose responsibility that group would be?

Mr. **Mitchell.** Yes, sir; I think there is definite responsibility for that group. However, the substance of my testimony is that I feel as though there should be a greater emphasis. I think that the present setup has emphasis for that group and I think there should be a shift in the emphasis of the program to a certain extent to cover the obvious problems of shortages of highly skilled labor people and these people to whom you refer, the attempts have been made to put them into the highy skilled areas with very limited or nonexistent success.

If a person does not have the aptitude or ability to be trained for the job, to spend your moneys training such a person, history shows that it is throwing money away.

Mr. **Hawkins.** Well, you seem to profess a favoritism to the earlier MDTA program as opposed to the CETA program; am I correct?

Mr. **Mitchell.** That is correct.

Mr. **Hawkins.** So you would return, as it were, to that earlier delivery system rather than build upon CETA. Obviously, we are not moving in either direction at the present time.

Would you favor a decentralization, then, of the system or do you believe that the decision under CETA to invest more of the planning and control of the program in local areas through the local public official was a logical one?

Mr. **Mitchell.** That has its pros and cons. I think the basis of my testimony shows that I would be in favor of returning more to national orientation.

Mr. **Hawkins.** With a very strong involvement of the private sector?

Mr. **Mitchell.** Yes, sir.

Mr. **Hawkins.** Mr. Doody, in your testimony you indicated the prevalence of school counselors which I thought was a very excellent suggestion.

In the program to which you referred are these school counselors paid by the schools or were they paid by the employment system?

Mr. **Doody.** In the 31 school systems where we have job counselors, they are individuals who have been trained by employment security and are stationed right in the school system.

There is another program explained in that document where we took high school guidance counselors, people who are responsible primarily for getting youngsters into college, took them out of the school system for a 6-week period, brought them into the local employment security's office and gave them hands-on experience full-time with each of them objective of placing 100 students in a 6-month period.

If we work both sides of the street, putting people into the schools we can do a better job of moving young people from the schools into a private sector job.

We also need to deal with the high school personnel themselves and make them much more aware of what is going on in the community and bringing people to their school system is working and working very, very well.

I think that it is important that as we go into the 1980's and we see that they were running out of people, the labor supply, that you have got to do this.

We also, by the way, have this major program in major cities. There are four high schools in Boston where we have people outstationed directly whose objective is to get young people jobs in industry.

Mr. HAWKINS. In view of the cutbacks even in the Employment Service program, the freeze of employees and the cutbacks which will be very substantial, do you believe that this idea can be expanded? Because, in effect, it is a subsidy to the school system and it is not, I assume, under the model that you have suggested, it is not credited to the school budget but rather to the Employment Service budget which I think is an excellent way of handling it.

However, is it realistic to expect others to accept this idea inasmuch as it does not, in any way, help financially the Employment Service itself?

Mr. DOODY. We see as our objective, filling employers' job needs. We target in on special needs that need special assistance. My own feeling is that youth need special assistance. If we don't build that work force up we are going to be hurting and hurting badly.

We would like to encourage the local school system and the guidance department to take on a more vocationally oriented program. If we look downstream 10 years from now what I would like to have happen is that we would provide the tools and they would provide the people.

Our job matching system is computer based. The Massachusetts Occupational Information System is also computer based. Both of those can become self-service. If we can out-station the equipment in the schools and have the high school guidance people run them, then I think we will have a flow that will accomplish our objective.

In my exhibit 3, I projected in 1982, unfortunately, a recognition that the Federal funding has been cut for Employment Service by 20 percent. Unfortunately, in 1979 we placed 1,200 youngsters; in 1980, 2,000 youngsters; in 1981, 4,500 youngsters, which tells me the system is working, but in 1982, we project 3,800, and that is a direct result of cutbacks in Federal funding.

So I would like to see the local schools to take over the responsibility if we give them the training and equipment to do it.

Mr. HAWKINS. Mr. Kariotis, in your statement you spoke about the Bay State Skills Corp. Would you explain a little more completely how this is financed? I assume from the statement that it is a State entity, that it is financed by the State.

Mr. KARIOTIS. Yes, sir.

Mr. HAWKINS. What other funding is made available to the corporation?

Mr. KARIOTIS. Well, right now the corporation is funded with an initial grant from the State of $3 million to be matched with at least $3 million from industry, giving us a pool of $6 million to work with.

We are currently in a position where we have an RFP out soliciting proposals for consideration awards sometime late this fall and early in the wintertime This is a followup to an initial experimental program we did about a year ago wherein the Governor gave us half a million dollars in State funds and we, on sort of a quick-and-dirty basis, I might say, we put the money to work.

I was happy to see that the industry match concept worked. That is where we proved it for that $500,000 of State money we were able to achieve over $800,000 of industry match. That shot down, as far as I am concerned, once and for all the cynics who constantly claim that industry likes to bitch and moan but when it comes time to put its hand in its pocket they are not there.

They proved to us that they were there and, of course, the fabric of this whole Bay State Skills Corp. is woven around the idea that industry and Government now as a partnership, will fund skills training.

But more than the money aspect of the thing which is important and, of course, nothing can work without money. We have found that industry being pulled into this process, helping to design the curriculum, helping the loan instructors, helping to, frankly, hire the graduates, is now involved in a way that they were never involved before and we find that they have been kind of waiting on the sidelines waiting to be asked. So we have asked them.

I think that, believe it or not, I don't know how long Massachusetts has been in business but this three-corner triangular dialog between Government and industry and academia is going on for the first time in our history.

They have their sleeves rolled up and they are working together to solve a problem which is mutually beneficial if we solve it.

So, frankly, the whole thing makes economic sense. We are not looking at it from a social standpoint or anything else. I have gone around Robin's barn to tell you the answer to that but the money right now is State money coupled with industry money.

We would be grateful to accept money from other sources, however, that money cannot be spent, not a nickel of it, unless it is coupled with industry funds

Mr. **Hawkins**. That certainly is a commendable idea and I certianty hope that you don't retire at the end of next year.

Mr. **Kariotis**. Sir, 4 years of my lifetime is enough. It is time for somebody else, but I appreciate that comment.

Mr. **Hawkins**. Thank you.

Mr. **Jeffords**. I have three questions, too, for Mr. Doody.

First, where does basic skills come into your listing for areas of training?

Mr. **Doody**. I see in my proposal that the development of technical skills training——

Mr. **Jeffords**. You include basic skills with technical skills.

Mr. **Doody**. I broaden it out so that the first skill is technical skills which is to give the individual the ability to perform a particular function.

I think that if we take a program such as TJTC and expand that to include the targeted groups that are there and not only to hire people into a given organization by the employer but also to encourage the employer to put that individual to training programs through a tax credit incentive, then it is in the employee's best interest to do it anyway.

What we are interested in doing is making sure that the targeted groups also get a piece of the pie. So a TJTC program is enhanced to include employment and training so that it would approach all three targeted groups.

Mr. **Jeffords**. Second, Mr. Mitchell indicated that he thought the present training programs are skewed too much toward social uplift and not enough toward improving national productivity.

Do you agree with that?

Mr. **Doody**. I think the programs we have had in the past have been; yes, sir. Again, I am from the private sector so I never believed that so-called targeted groups could be productive.

I am skeptical of Government programs. There is really nothing worse than the idealism of a convert.

I have seen Government programs work. I think what has to happen is that it has to be directed toward the people who have the jobs, the employer's job needs. I think we have a responsibility to see that that happens.

We also have a social responsibility. My argument would be that there should be a common delivery system of people to the work force that if we are, let's say in job service, responsible for filling employers' jobs with qualified individuals we can do that pretty consistently. Well, that is about 80 percent of the population. It is that 20 percent that I think we are still worried about.

I think employers need special incentives. I think our local office, if we provide them with good quality individuals, will take them with some individuals who are not so qualified.

I don't believe that anymore. I think the young people and welfare people and the individual who has not been working for a while and lost his skill is still well qualified. I think the objective ought to be to bring them into the work force through a tax incentive program and to put them on the career ladder.

Mr. **Jeffords**. Mr. Mitchell and Mr. Kariotis, presuming that we are to have a program which is oriented primarily toward increasing productivity and training for specific skills, it was suggested earlier that one thing we might look at is utilizing funds from the unemployment insurance system for that purpose.

What would your reaction to that proposal be?

Mr. **Mitchell**. Go right ahead. I will follow up.

Mr. **Kariotis**. I think that since we are not here to make love and romance and so forth, I must inject a note of controversy and say to you at the outset that I, personally, am very cynical about things like the targeted jobs and Senate credit program.

I don't think those programs have created a single job in the United States. Those jobs are there and, frankly, I think any manufacturer like myself would stoop and pick up the goodies if they are on the table to be taken but I really am cynical about the incentive that they provide, to be honest about it.

I would say that money put to work in establishing skill centers or programs would be a lot more fruitful to the society. Mr. Doody and I don't agree on that point, obviously.

Now your question, Congressman?

Mr. **Jeffords**. Well, suppose you increased the tax to business to support programs which are related to training and to increase national productivity thereby putting the cost where the benefits are.

Do you have a suggestion?

Mr. **Kariotis**. Yes, sir; I have a strong reaction to that general approach. It is a typical bureaucratic Government approach to things, it seems to me.

If you want to accomplish some kind of social engineering or economic engineering program created by the bureaucrats, you inevitably reach out for somebody to tap for the money.

It is almost a punitive measure, it seems to me.

Frankly, I like the approach of wooing them with a little milk and honey, getting them involved because they want to get involved and convincing them that it is in their best economic interest to get involved.

Mr. **Jeffords**. How do they get involved economically?

Mr. **Kariotis**. Look at the Bay State Skills Corp. They are putting good, hard money into skills programs—programs which turn out graduates that they can use down the road. There is nothing wrong with that.

Mr. **Jeffords**. Doesn't that cast all of the economic burden on those that are charitably minded and allow those that take advantage of that program to get it free of charge?

Mr. **Kariotis**. Perfection is not a way of life in this world. You will not get uniformity in the application of this program. Sure, you are going to get the ones that are socially minded that will lead the way. That is the way the world is made. I see nothing wrong with it. But I invite you to come and see what we have accomplished in Massachusetts with those companies that have gone the first round with us on the Bay State Skills work and now we are about to go through a second round.

By the way, I must tell you if you look deeply enough you will find that some of that promise of support will turn out to be a little soft when the chips are on the table. That is the way the world is.

There are bums in every walk of life, including businessmen.

Mr. **Jeffords**. Mr. Mitchell, do you have a comment?

Mr. **Mitchell**. I guess mine would be along the negative side also. I certainly would like to see a tax increase in certain areas to provide a pool that could be then redirected out toward an educational setup but I do like much of the approach that Mr. Kariotis has explained and I am in favor of some kind of tax incentive program or tax credit incentive program for the employer for continued training in an in-house facility because I feel that the kind of training that one receives on the outside, academic or vocational and academic, facility is only the beginning.

You are weeding out people and then you are putting people back into the work climate and then a great deal of effort is required from the employer's point of view to develop that individual to a skilled individual.

Mr. **Jeffords**. Thank you.

Mr. Weiss?

Mr. **Weiss**. Thank you, Mr. Chairman.

Mr. Mitchell, how would you determine who are the people who inherently don't have the aptitude to do the highly skilled kind of work that is done in your industry?

Mr. MITCHELL. Through a series of tests which probaby don't exist at the moment. We would test the individual's skills and abilities to perform certain functions.

Mr. WEISS. How did you get in the field?

Mr. MITCHELL. I was very fortunate to have been born the son of a father who was born the son of another father who was in the field.

Mr. WEISS. That does not demonstrate aptitudes?

Mr. MITCHELL. That is a tremendous amount of luck, isn't it? I wish I could be more Horatio Alger in orientation. I am sorry.

Mr. WEISS. Don't apologize. What I really want to do is to ask you to think about other people who may not have had the good fortune of having a father and a grandfather who were in that industry and who may not have had the exposure to that particular industry but given half a shot may, in fact, be able to do that work.

Mr. MITCHELL. They may, and I would agree I am not trying to regulate any particular group other than to determine first off, what has to be done. First off, I am not part of the group of skilled workers that you are talking about.

I happen to be just the regular businessman. I don't possess the craft skills.

Mr. WEISS. Where do you get your tool and diemakers now?

Mr. MITCHELL. We train them.

Mr. WEISS. And you do it, I suppose, on the first people who are motivated to work in your place of business and businesses like yours and then you make the investment in them and you hope that it works out, right?

Mr. MITCHELL. Right. But you have the option of deciding specifically who that person would be based upon his abilities as you see them or perceive them or judge them.

Mr. WEISS. But you just said to me that you can't really do that because the tests that would be required as of now doesn't exist.

Mr. MITCHELL. Well, the test that one can perform during an interview, someone who is experienced in interviewing people, someone who knows the kind of person and aptitude that you want can weed out, to a certain degree, a large percentage of people.

Mr. WEISS. Stop right there. What does that mean? You mean somebody who is just out of school or just 18 or 19 and dropped out of school, has not had a job? Does that make that person incapable of doing the kind of work that you are talking about?

Mr. MITCHELL. No, not necessarily.

Mr. WEISS. Are you talking about a woman who has been out of the work force for 20 years and wants to come back? Would that person be incapable of learning the skills that you are talking about?

Mr. MITCHELL. No, to all your future questions along those lines.

Mr. WEISS. We will see, the problem that I have and I am looking at it now from your side of it. You have given me all the statistics as to what the current needs of your industry are.

Sixty thousand people, you say you need right now. You say that in 3 years you are going to need 250,000 people and you are going to be short.

The fact is that the projections are for labor shortages down the line and for you and your industry and your organization. We had somebody from your organization who testified in Los Angeles when we had the hearings 3 months ago that took almost the same line, gave us some of the exact same quotes.

You guys are going to be looking for the special people who don't exist. You are going to be in a lot of trouble. It seems to me that for the survival of your industry you ought to be looking to get your hands on some of these people that everybody is going to be competing for rather than looking for that special group of people who have this aptitude that you don't have the test to determine at this point.

I think you really ought to look at it because there is a shortage out there.

Mr. **Kariotis**. I agree with that, by the way. I think that we will have no choice in the future but to reach out for those segments of our population that have really been neglected. Not just the welfare people but the elderly, the handicapped, the women in our high technology world, you find lots of them in the production area but you find practically none in research and engineering and management.

Five percent is our latest survey. In other countries they have got 40 to 50 percent.

We have to wake up to the fact that we are wasting human resources that are sitting there, most of whom would really want to get trained and get a decent job in all those categories.

Mr. **Weiss**. In your testimony, Mr. Kariotis, you talked about the welfare dependent women who are now looking for work and going into the work force and I wonder what your reaction is to the programs which are going to make it much more difficult by taxing those women who are currently receiving public assistance if they want to start going into the work force. I am talking about the national program.

Mr. **Kariotis**. Obviously, I think some of those are going to be self-defeating in that they are going to make it more difficult and less appealing to get a job in the private sector so we are going to end up supporting them longer and that doesn't make a lot of sense.

I think we have to come to some kind of transitional program whereby we might even reward them in their present income stream to come and get this training and get a private sector job knowing that that is going to be cut off at some period of time instead of throwing obstacles in their way.

I have not thought it through and I am very conservative in that direction but I can see the problem that we are really working against our own interest to put people to work permanently in the private sector. I am not sure that is going to do it.

Mr. **Weiss**. One final comment, if you will, Mr. Kariotis. You obviously have served your communities and American society well by your service in government.

The question, I guess, is what kind of program can we design to get more and more of you fellows to become more familiar with the need for this partnership so that we don't have businessmen from the outside thinking that only business is concerned or knows which end is up and then find that after a couple of years you come to the conclusions that you have expressed here today. Because it is terribly destructive of our society.

Your testimony is a marvelous testimony as to how we ought to have some kind of program to give us the benefit of your input before too much more damage is done to you.

Mr. KARIOTIS. I thought a lot about that point. It is a fascinating subject and I think the obstacle lies in the fact that there is such a tremendous degree of misunderstanding on both sides, the perception that businessmen have about government and how it works.

I had all the answers 3 years ago and now I know what I don't know. On the other side most people in government have not been involved in the private sector, the free enterprise system which is very basic and they are going off on some other tangent. These two don't talk.

Perhaps some kind of internship where companies would sponsor their good people in a fashion where their career paths are not greatly disturbed for a year or two.

Mr. WEISS. Maybe even their bad people.

Mr. KARIOTIS. You had better watch out. There are some pretty bad ones I would not want to wish on you. But you are right, this dialog is too thin and we must develop it together. I intend to work at it even when I go back to the private sector.

Mr. WEISS. Thank you very much.

Mr. HAWKINS. Mr. DeNardis.

Mr. DENARDIS. Thank you, Mr. Chairman.

I thought that the testimony that each one of you presented was excellent and will be very helpful and useful.

Mr. Doody, since you have undertaken to try to sketch out a framework for national policy, let me direct my first question at you.

The problem I am about to outline runs through all sectors of our population but is most dramatically felt or at least identified at the level of young people and that has to do with what we now call learning disabled youth, youth who, because of a slight neurological impairment do not have education, reading, and math skills.

They have the aptitude but not the skills. Because of a lack of progress through their schooling this may have led to a low estimation of self which is manifested in certain emotional problems and on top of that they may lack a physical dexterity.

Now I am going to ask this of others along the way. You are in the employment security business and you have talked about coordinating programs and perhaps somebody in the vocational rehabilitation field would be a better one to ask this question, and I shall try to find someone with that competency.

Are you cognizant of this? I am sure you are but to what degree does it play a role in manpower planning in your State?

Mr. DOODY. I can identify with the question.

Mr. DENARDIS. Incidentally, I should add that we are talking about a not insignificant number of people. By the latest national educational statistics probably 15 percent of our school-aged population is so identified.

Mr. DOODY. I think you put your finger right on it when you talked about the concern for placement in the job market but also being concerned about their low estimate of self. I also have had the opportunity to sit on the board of directors for cerebral palsy in Massachusetts, too, and I think the kind of work that is going on there, taking these young people and moving them from the time they are babies to the time they are 16 in terms of generating within them their own sense of self, their own sense of independence and competence, I think it is very basic. It is the same problem all of us have. This group has it much more.

I think that part of our responsibility as a State or governmental agency is to provide the proper kind of matchups.

The assumption must be going in, whether it is the group you are talking about or welfare mothers or young people themselves, the assumption must be that they all would like to be independent, to work, to be self-sufficient.

Our responsibility is to design programs which match up their basic abilities or lack of abilities with jobs. Clearly the kind of people you are talking about may or may not qualify for a tool and diemaker or test technician but there are jobs that individuals can perform.

I think we need a more comprehensive approach to that. I think within our State we have a number of agencies that deal with the handicapped and the disabled and so on but it is not a coherent system.

We don't all come together someplace and worry about that. We don't all come together and be concerned about people at the time before they come into the labor market or are seeking entering the labor market. I think we have to work back.

The system has to be one where there is communication. Unless you had, like me, to get into the rocks and shoals as to who should run the system, should it be the local community or the Federal or State Government? But I think there needs to be more coherence to the system.

I happen to be partial to a State-run system because you can provide more systematic control. I think our responsibility being in the jobs business is to identify individuals early on and to do the best we can to design tests that we addressed earlier and begin the matchup process much earlier than waiting until the youngster, for instance, comes through the CPC system and becomes 16 and say what are we going to do with these folks?

I think vocational education is a lifetime responsibility starting way back in elementary school.

Mr. DeNardis. How much do you have to do with vocational rehabilitation?

Mr. Doody. Not a great deal. The State has a State vocational rehabilitation program that works pretty much in the kind of work we are involved. It is quite effective and quite good. I think we may be able to do in conjunction with the administration to be able to see a better way of melding and perhaps reinforcing the work the smaller groups are doing.

Mr. DeNardis. Let me ask just one more question picking up on a concern that Congressman Jeffords voiced just a little while ago about the unemployment compensation (UC) system that received a negative reaction from at least two of you.

Let me ask you, Mr. Doody, I want to give you a specific suggestion. Perhaps not what the Congressman had in mind but a way of utilizing UC.

We are all now trying to figure out how we can maximize the use of resources that are so scarce.

We pay out a weekly benefit to people when they are unemployed if they are qualified. Many of them earnestly try to find work and can't. Could employers in the private sector help to this extent if the UC people in a particular area circulated a list of unemployed in that area with just a brief notation of their basic skills to perspective employers who were interested in taking a chance and employing someone?

I have not thought this through carefully but just to say for purposes of illustration, there would be a wage subsidy involved that the employer would pay 75 percent. Well, let's say UC would pay the employer 75 percent of what the weekly benefit would have been. In return, the employer would add his 75 percent so that the worker would be getting 1½ times what he or she might be getting on the weekly benefit for a period of time and I don't know how long, 6 months, 9 months, a year.

This system might work for individuals, giving the individual a chance to try perhaps in a slightly new area of job endeavor and giving the employer a chance to test and maybe 1 in 5 or maybe 1 in 10 would work out during the test period.

I know there are probably pitfalls in that but would you comment? I am sure one of the hazards is that employers would take advantage of it and pick up some cheap labor for a bridge period of 6 months or a year, however long the program went.

Is that kind of thing feasible? Can we make UC work in some way better than it now works?

Mr. Doody. I think one of the observations that I have made since I have been in this business for the last year and a half or so is that the entire unemployment insurance job managing system has been essentially kind of a silent service. They do lots of good things but no one really knows about it. That goes back, I guess, for 40 years of history that you do what you have to do and not worry about publicizing it.

Let me comment on a couple of things that you raised, First of all, as far as the money that is supplied by the employer and whether or not that should be used differently, I think that money, in my judgment, is being well spent. It really accomplishes three objectives.

One is to be sure that the individuals who have been laid off get paid unemployment insurance in a consistent and timely fashion with a minimum loss. I think that the UI system, the unemployment system throughout the country has done that and done it very well.

There are no problems in terms of money not being identified, where it is and where it is going. I think we vary by States in how well we put the claimant to the test in terms of actively seeking work and I think that kind of thing needs to be tied down.

Second, the system also provides for this job matching to employment service.

In our State, we fill employers' jobs at a rate of 250 a day. That is like starting up a new plant every single day in our State. Employment service does that and does that out of the same funds.

I think that it is a very, very valuable service to employers

The third thing that employers' dollars are being spent for is labor market forecasts. Many are very heavily dependent on the kind of data that is pulled together by the system. So you have three different systems. I think that that money, at least the employers' money, is being well spent on that since, as you know, the employer fully funds that program.

Second, as far as what is a better way to get the summaries of the rest, you go out into the market so the employer knows specifically what is available.

Specifically you asked about doing summary statements when you may do 15 or 20 coded individuals with a brief description of their abilities and training.

If you can give me about 6 months I can have an answer for you. I have that system working. It is not unlike the way the private agencies work. They circulate the data but the kind of people we are talking about I think you can do it in summary fashion.

I think that is one way to begin to reach out to let the employer know that there are other people available that they have not placed job orders for.

The third question about providing a wage subsidy for people who are unemployed, I would not be partial to that unless the employer took on added responsibilities and this is where I get back to the situation that you are not just hiring a person.

You have a responsibility to have that person grow. If you say this is a person who has been out of work for 20 years—because in our State a rubber plant has closed down. We do take that person on and put him into a training program for 6 months while that subsidy works that I would be partial to.

I think you would want to have it on both sides. If we are going to provide additional funding then we should get resources back. I would do that not just to hire but to train; yes, sir.

Mr. DENARDIS. Thank you.

Mr. JEFFORDS. Thank you very much. We really appreciate your excellent testimony.

Before we call the next panel I would like to point out that we are moving further and further behind and that is because we have so many good questions to ask.

I would like to just urge the next panel to summarize your statements and they will be put in the record in full and be reviewed so that we can maximize your time and ours by allowing time for questioning.

Thank you very much.

The next panel is the Consolidated Programs Panel. Mr. Stuart Verchereau, department of employment and training in Vermont; Mr. John Dorrer, director of the New England Institute; Mr. Neil Hurley, division of employment security, and Mr. Gilberto Belaval, assistant director, office of policy and management.

Go ahead, Mr. Verchereau.

## STATEMENT OF STUART VERCHEREAU, DIRECTOR, VERMONT JOB SERVICE, VERMONT DEPARTMENT OF EMPLOYMENT AND TRAINING MONTPELIER, VT.

Mr. VERCHEREAU. Thank you, Mr. Chairman. I actually have two roles today. I would like to enter for the record the testimony of Commissioner Sandra Dragon, director of the department of employment and training in Vermont, and I will read her summary and then I will do my own.

I am sorry that Commissioner Dragon could not be here. She really wanted to but she had to be in the District of Columbia today. She would first like to talk about the historical framework:

### HISTORICAL FRAMEWORK OF VERMONT—1977-81

From 1977-81 CETA in Vermont moved from a melange of semi-connected programs to a fully integrated system connecting not only among its own activities but also to allied systems including Education and Economic Development.

Management has moved from a loosely drawn collection of reactive efforts to a tight, controlled system which promotes a rational decision-making process.

During 1979-81, the primary systems for Employment and Training moved toward consolidation resulting in the Department of Employment and Training, comprised of Vermont Comprehensive Employment and Training Office, Vermont Job Service and Unemployment Insurance, and in the formation of the Governor's Special Cabinet for Employment and Training, all based on the thrust of developing a labor force trained to meet the needs of an expanding economy.

New consolidation initiatives are currently in process connecting Economic Development, Employment and Training Education, and labor market information even more closely. Additionally, a one-stop service delivery system is also in process, the youth component of which is already in place.

Future Considerations and Recommendations:

Objective of Employment and Training Policy: To develop an economically capable, participating citizenry possessing all the skills necessary to fulfill the needs of the local market.

This to be done through employment and training programs designed to meet the unique needs of local and regional areas.

Methods for implementing policy: Encourage cooperation of programs linked with the local economy. Move decision-making to the lowest appropriate level. Connect income transfer payments to Employment and Training programs. Provide subsidized work in the public sector only insofar as it can be used for short-term transitioning.

Target groups: In light of the above, all training should be as individualized as possible while focusing on the disadvantaged—specifically youth, workers displaced by the economy, and recipients of public assistance (tie this latter group in with income transfer payments to employers who train).

Localized design: Categorical programs do not work Programs should be designed, developed, implemented, evaluated and modified at the State level while ensuring tight fiscal, operational and reporting controls are followed.

Role of the private sector: The public/private partnership must be developed at the local level. PIC's and prime sponsor should be encouraged voluntarily to yoke themselves together to achieve mutually beneficial goals.

Thus the private sector, in Vermont at least, should play an increasingly important role in information development, program design and cost sharing.

Coordination of "diverse" programs: It is mandatory to connect all programs directly, or tangentially related to training and employment at all levels including Federal (development of laws and regulations which stimulate such coordination), State and local or operational.

CETA—Success or Failure?

Nationwide, in that no long-term data are yet available, this question is not answerable. Other questions, such as what are the parameters of success or failure, must also be answered.

In Vermont, if viewed in terms of service (over 30,000 since 1974), outcomes (over 12,000 placed on unsubsidized jobs) or by almost any other empirical measurement, the program is successful, but much more must be done.

We have come far in the past 4 years, we have learned much. Working in close coordination with our counterparts in other related areas, we shall continue to put that knowledge to the best possible use on behalf of the people of our State and its economy.

That is the end of Commissioner Sandra Dragon's statement.

Mr. **JEFFORDS**. Thank you. I am pleased to accept her full testimony which I know is excellent also.

[The prepared statement of Sandra Dragon follows:]

### PREPARED STATEMENT OF SANDRA D. DRAGON, COMMISSIONER, DEPARTMENT OF EMPLOYMENT AND TRAINING, STATE OF VERMONT

Honorable Augustus Hawkins, Chairman of the Sub Committee on Employment Opportunities, I am Sandra D. Dragon, Commissioner of the Vermont Department of Employment and Training. I am honored to have this opportunity to testify today at this joint oversight hearing on reauthorization of the Comprehensive Employment and Training Act. My testimony is organized into three major components: (1) Historical Framework—Vermont, 1977-81; (2) Current Perspective; (3) Future Direction.

(1) *Historical Framework—Vermont, 1977-81.*—In 1977, as today, there was no overall statement of federal manpower policy, no cohesive federal mandate drawing all components together. The Vermont CETA program, although administered by a single state agency, was fragmented, a piecemeal hodgepodge trying to solidify itself in the federal regulatory sieve. It operated, at that time, through more than 150 individual contracts. Although housed in the Agency of Human Services, its connections with the activities of that system were superficial, as were its relationships with the educational processes. In respect to economic development, with the exception of joint membership on the State Employment and Training Council very few connections were made. One system among many systems. Changing federal mandates forced the planning process into a reactive mode. Management by crisis was the order of the day.

In 1977, a new state administration, under the leadership of Governor Richard A. Snelling, took over and along with it, a significant new thrust. Programs and systems, both state and federal, operating within the state, would become more effective, in terms of both costs and outcomes, more linked, less duplicative—generally more productive. When I took over as Director of Vermont Comprehensive Employment and Training Office in 1977, I reduced the number of contracts from 150 to 15 and began to develop a management structure which would provide not only for optimum utilization of human and financial resources but also would allow for long-range, short-range and contingency planning. Thus, when increasingly severe federal and regional demands were made on the program, we were able to respond appropriately and in a timely manner with little or no disruption in the training of our participants.

Governor Snelling's emphasis on the development of the State's economy had a profound influence on our planning process. We were one of the few Prime Sponsors selected to develop a Skills Training Improvement Program (STIP) model to test the impact of significant private sector involvement in the planning process. This successful model was the forerunner of our current Private Sector Initiative Program and its advisory board provided the nucleus for the Private Industry Council. Our "public/private partnership" was under way.

During the 4-year period 1977-81, a period of enormous shifts in economic and political direction, the "controllable" programs especially such programs designed to serve individuals rather than jurisdictions or corporate entities sustained an inordinate amount of scrutiny followed by wild shifts in funding. CETA has suffered out of all proportion to its faults. As Roger Vaughn puts it in his monograph, "Employment and Training—What's Wrong With the Present System and What Can be Done About It."

There are three reasons why CETA has been so harshly judged:

We evaluate employment and training programs by different criteria than other economic development programs.

The Target of CETA—the economically disadvantaged—cannot lobby as effectively for their programs as can private businesses and cities that benefit from tax incentive and development grant programs.

We have expected a complex program, one that has suffered from year-to-year funding uncertainty, to operate at full efficiency within a few months of being funded.

Vermont's response, as I mentioned earlier, has been (1) to develop and improve management systems, and, (2) to work toward a consolidation of effort among the suppliers of employment and training services and develop and implement systems which would tie training to the true needs of the current and projected economy . . . in short, to develop human capital. We were ready for supply-side economics.

(2) *Current Perspectives.*—In January 1981, a special Cabinet for Employment and Training was formed, consisting of the Secretary of the Agency of Development and Community Affairs, the Commissioner of the Department of Employment and Training, the Commissioner of the Department of Social Welfare, the Commissioner of Labor and Industry, the Director of State Planning, and the Commissioner of the Department of Education, connecting all parts of the employment and training system, training, employment, income transfer and economic development, together at the policymaking level. Simultaneously, Act. #66 was passed folding the Vermont Comprehensive Employment and Training Office, Vermont Job Service and Unemployment Insurance together under a newly created Department of Employment and Training.

Additionally, middle management and operations level people were working more cohesively than ever before. A good thing had been made better; in fact, the Vermont System was being viewed as a model by many other Primes in the Nation.

From its inception late in 1973, through the 1978 rewrites to its current tenuous position, although never being driven by solid policy, the Comprehensive Employment and Training Act has enabled Vermont not only to provide training and employment to over 30,000 of its disadvantaged citizens, but it has been a real factor in the burgeoning of the Vermont economy.

Currently, the Special Cabinet for Employment and Training is developing a 5-year plan for employment and training which will not only meld employment and training and economic policies, but will also provide for a comprehensive program portfolio and service delivery system, connect income transfers and training programs, provide for a consolidated cooperative youth program linking employment and training, economic development and secondary education programs providing for much earlier private sector intervention. Management systems and programs have been streamlined, made even more timely and responsive through the development of performance based evaluation techniques.

Although a rural state, we have made best use of what is essentially an urban-oriented law. Unfortunately, return on investment from a program which offers training and employment as alternatives to public assistance, poverty or crime, is difficult to measure, but the gains are there.

In spite of the cuts the Department of Employment and Training overall has sustained over the past two year period, we have continued to make real progress: Growing linkages among all providers; Solid ties with the economy; Cost effective delivery system; Consolidation; Special Cabinet for Employment and Training; Management and Evaluation systems which assure optimum performance and allow for rapid modification; Because of the consolidation and improved communications, we now know what industry is moving in, or expanding within, the State . . . thus Vermont Job Service can now recruit, screen, assess, and train in more specific areas in order to develop an appropriately trained labor force to meet specific needs.

In other words, we have made the best possible use of our financial and human resources.

(3) *Future Directions.*—We plan to continue to press forward in our efforts to coordinate all programs into a system which is comprehensive, accessible, cost effective and responsive to both sides of the labor market.

We need better labor market information, particularly demand side data.

The private sector shall play an increasingly important role in development of information, design of programs and in sharing costs of service delivery.

The gap between academic and vocational education policies and programs should be eliminated. All education should be geared toward the creation of independent, participating citizens, thus most education is a part of vocational education. This is preventative programming.

We need longer term funding cycles—our recommendation is for a three year cycle—the same as that utilized by Education, and they should be congruent with each other.

If block grants foster tighter coordinated programming, they are workable; however, they should be designed in such a way as to avoid exacerbating "turfmanship" issues. Additionally they should provide for the different character of need in rural versus urban environments.

In any rewrite of the legislation, strong considerations must be given to enable the States to develop, design, implement, evaluate, and modify their own system for the delivery of employment and training services. Each State has needs unique unto itself and, to be fully effective, the programs must be designed around those specific requirements.

"One Stop Shopping"—our consolidation effort to date (there will be additional actions) has enabled the Department of Employment and Training to take significant steps in this direction. We now have such a system in place for youth—Stuart Verchereau shall elaborate on this during his testimony.

Service to disadvantaged—the need remains to serve those most in need, those who experience great difficulty in penetrating the labor market. Specifically, we intend to target special efforts toward youth, displaced workers and public assistance recipients—a consolidated program tied closely to the private sector economy. We intend to be full participants in the development of an appropriately trained labor force in a sound economy.

Finally—to carry these initiatives forward, we need sensitive legislation which recognizes the interrelatedness of all employment and training programs and appropriate levels of Federal support and we need it now. Consider the questions—if not CETA (or Wagner-Peyser, or Vocational Education), what? If not now . . . when?

Mr. **JEFFORDS**. Go ahead.

Mr. **VERCHEREAU**. I would like to summarize what we in the Vermont Job Service have done for the operation of consolidated employment and training. I will read my summary.

The Vermont Job Service operates consolidated employment and training offices throughout the State.

These offices offer Wagner-Peyser funded services as well as operating Work Incentive (WIN) and Comprehensive Employment and Training Act (CETA) programs.

As a special effort for youth we have established Youth Job Banks in all offices; we are currently establishing a computerized career guidance system that will be available in all job service offices as well as several schools.

Consolidation has proved beneficial in several ways:

One, job service offices are now one-stop shopping centers for employment and training programs.

Two, administrative overhead has been reduced.

Three, data collection has been centralized.

Four, coordination with other agencies has been enhanced.

Consolidation allows staff flexibility which is partially responsible for our successful operation.

A primary measure of our success is that over 33 percent of all covered employers listed job openings with the Vermont Job Service in fiscal year 1981.

Projections indicate an increasing need for training and retraining. Consolidated employment and training offices can provide coordination eliminate duplication, and improve accountability.

Thank you very much, Chairman Hawkins, for this opportunity to testify on how a consolidated employment and training sytem can work.

Mr. **HAWKINS**. Thank you.

Mr. **JEFFORDS**. Thank you very much.

[The prepared statement of Stuart Verchereau follows:]

## PREPARED STATEMENT OF STUART VERCHEREAU, DIRECTOR, VERMONT JOB SERVICE, VERMONT DEPARTMENT OF EMPLOYMENT AND TRAINING

Honorable Augustus Hawkins, Chairman, the Subcommittee on Employment Opportunities, I am Stuart Verchereau, Director of the Vermont Job Service, a division of the Vermont Department of Employment and Training.

Today I would like to enumerate some of the benefits we have experienced through a consolidated employment and training delivery system. Our experiences have been very positive and while the unique qualities of Vermont may have contributed to our success, we feel our methods can be used beneficially by other states.

By design and by law the Vermont Department of Employment and Training is a service organization. The Job Service matches individuals seeking employment with employers seeking qualified applicants. This an important function, but it is not our sole function. We have tried to bring together under one administrative hierarchy as many employment and training related programs as possible.

Let me briefly review the programs the Vermont Job Service currently operates:

First, we operate the basic labor exchange function established by the Wagner-Peyser Act. Wagner-Peyser services include registration, referral and placement activity, aptitude testing, counseling, soliciting job openings, and disseminating information to employers on special programs such as the Trade Readjustment Act (TRA) and Targeted Jobs Tax Credits (TJTC). In fiscal year 1981 the Vermont Job Service ran a successful program and topped the other states in Region I by placing 207 individuals per staff year worked, at a cost of $196.79 per Individual Placed.

Second, from its inception we have run an integrated Work Incentive (WIN) Program in each of our local Job Service offices. Integration has been partially responsible for our ability to quickly adjust to changes within the WIN program and maintain it as a successful employment program. According to the fiscal year 1982 WIN resource allocation formula, Vermont ranked third in the Nation in achievement of potential, i.e., wages generated and welfare grant reductions as a result of employment.

Third, we have been the subcontractor for private sector Comprehensive Employment and Training Act (CETA) On-The-Job Training producing an 80 percent positive termination rate in fiscal year 1981.

With the recent reorganization of employment and training programs within Vermont in fiscal year 1982 the Job Service will operate CETA funded OJT, Work Experience, Vocational Exploration, Intake and Assessment programs. We will also operate all of the CETA Summer Youth employment programs. We feel the transition of programs can be accomplished smoothly and with increased program efficiency. The Job Service is already familiar with all CETA clients. Before reorganization we did the applicant intake for all CETA subcontractors. Our familiarity with both the applicants and employers previously involved with CETA was a significant factor in our successful CETA PSE Phasedown effort. Sixty-seven percent of the individuals affected by the CETA PSE Phasedown were assisted into work or training by the Vermont Job Service.

Recently in an effort aimed at the prevention of unemployment we expanded our services to youth. One effort has been the establishment of Youth Job Banks in all of our local offices. The Youth Job Banks are operated by volunteer high school students who register their fellow students, secure openings from employers, and make referrals. Through the Summer Counselor program we hire school teachers and guidance counselors to work with the Youth during summer vacations. Together these programs teach students and school personnel more about what jobs are actually available, skills required, and the services they can receive through our offices.

With the assistance of the Vermont Occupational Information Coordinating Committee (VOICC) we are currently implementing a computerized career guidance system that will be available in our offices for all Youth. Several high schools will tie-in directly to our computer so that they can access the system without leaving the school setting. This system covers everything from career exploration and planning to identifying the jobs currently available in each occupational field in the State of Vermont.

Our offices are also responsible for the recruitment of young people for the Job Corps with most of our recruits now going to the Northlands Center in Vergennes, Vermont. In fiscal year 1981 we enrolled 217 individuals in Job Corps and placed 165 graduates.

The consolidation of the previously mentioned Employment and Training programs into one office at the local level has proved beneficial in several ways:

1. We are now a one-stop shopping center for employment and training programs. We can offer every applicant and employer those services and programs that best fit their needs. We have eliminated confusion. No applicant need worry if (s)he fits a particular category in order to receive service. We serve CETA applicants, WIN applicants, Job Corps applicants as well as those not applying for any categorical program. Employers are offered a full range programs and service providers are not competing with each other for the same employer.

2. Administrative overhead has been reduced. The local office manager can administer and coordinate all programs within the office thus eliminating the need for separate program managers. The reduced administrative costs makes more funding available for service activities. The single manager also ensures inter-program coordination.

3. One automated reporting system is used to collect and report data. Centralized data collection and output makes it easier to compare and analyze program activity and make appropriate adjustments. Because all programs are working from the same data base it is easier to project needs and expected activity levels.

4. Coordination with other state agencies has been enhanced. For example, working with the Department of Economic Development we are able to tie into their staff and training needs of incoming and expanding industries. Through coordination with Vocational Education we have been able to set up programs to address those needs. Currently we are involved in four machinist training programs that have produced 138 entry level machinists in the past year. Having to deal with a single provider for employment and training services also makes it easier for prospective employers to get a handle on the available labor supply and coordinate hiring and training.

Many of the benefits from a consolidated employment and training organization can be measured in dollars saved or more wisely spent. Other benefits are harder to measure but no less real. Applicant apprehension and frustration has been eliminated because the individual is not shuffled from agency to agency. Employers now deal with only one agency for their staffing needs thus eliminating much confusion from their operations. In fact, over 33 percent of all covered employers in Vermont listed openings with the Job Service in fiscal year 1981.

We in Vermont have tried hard to project a very positive image of the Job Service. We encourage all people to come to our offices and use our services. We want to be known as the place to go for all employment and training needs regardless of the individual's age, work barriers, or previous work experiences.

The success we have had with consolidated programs is due to a strong aggressive labor exchange program. It is through our provision of the basic services that we uncover many of the training and service needs of our applicants and employers. We need to maintain our basic labor exchange system (E.S. Grants) at the fiscal year 1981 staffing level as fundamental to the delivery of a fully integrated service.

We are in the midst of a technological revolution with whole new industries springing up almost overnight. Individuals must acquire new skills to meet changing needs. Unfortunately it is difficult to train people in anticipation of future industries; however, we should recognize that there may be a need to retain individuals 2 or 3 times during their work life to keep pace with technological developments. Much of the retraining must be done by private employers, especially those in emerging industries. Simultaneously, there will be a role for the Employment and Training agency as both a coordinator and a provider of training.

I think the Vermont experience is a good argument for the consolidation of employment and training programs. One organizational structure responsible for all related programs makes for better coordination of services, less duplication, and increased program accountability. We have proved that with an aggressive and flexible staff we can be productive while providing a comprehensive service to both applicants and employers.

Mr. **Jeffords**. John?

### STATEMENT OF JOHN DORRER, DIRECTOR, NEW ENGLAND INSTITUTE FOR HUMAN RESOURCE PLANNING AND MANAGEMENT, BANGOR, MAINE

Mr. **Dorrer**. Thank you.

Mr. Chairman, members of the committee: My name is John Dorrer. I am the director of the New England Institute for Human Resource Planning and Management, a division of Penobscot Consortium Training and Employment Administration in Bangor, Maine.

I am pleased to appear today to present testimony about the future of the employment and training programs.

My testimony today is not a wishful model or the dream of a planner, but it is based upon the philosophies, developments and programing of the organization I represent.

My statement is based upon some philosophies and developments of the program that I represent. I think the nature of the remedial program that CETA would provide would be needed to be comprehensive if the program was to be successful.

I think on the whole we have not delivered on that promise. I think the legislative redirection from a program for the unemployment was counterproductive to that goal and I think, secondly, something that we own in the system is the inexperience among the CETA staff resulted in an inordinate amount of relearning and progressive concepts that came out of 10 or 15 years of experience previously in running employment programs.

In spite of these failures and shortcomings, the evidence suggested and the research results show us that CETA has been a cost effective program from the standpoint of society.

It is out of this recognition of success or failure that we have to look at the future. I think our purpose should not be to conduct an autopsy but to look at the future of these programs.

I, too, have looked at the analysis of the merging skill shortages and some of the demographic shifts that are coming down the road and also come to the conclusion that the economically disadvantaged, the structurally unemployed which were once the concern of social policy, are now rapidly becoming of value to economic utility.

I think they have to be recognized that way in future legislation.

I would like to address my remarks to three essential elements that should govern the relations about the future employment system. We have to look at the nature and the scope of employability problems, the process we used to remediate them and the performance measurement techniques that we used to judge their effectiveness.

I think in the past we have been all too consumed talking about who will deliver, who will grab a chunk of the action and we have not bothered to examine the fundamentals of how we run these programs and how we effectively serve the economically disadvantaged and I sincerely hope we don't repeat that mistake this time.

I think as we look at the population out there, the economically disadvantaged and the structurally unemployed, we can categorize their deficiencies, lack of educational opportunities and credentials are common.

Formal and certified skills are almost always absent. The nature of their work experience has been sporadic and conditioned by the values of the low wage labor market which I think is a very important point.

The attitudes are cultural conditions and reinforced by their experiences. They lack information about the labor market and how to effectively compete in it.

Most frequently the population that is served in our programs suffers from a combination of these kinds of disfunctions but all too often as we serve them we serve them with a band-aid, quick-fix kind of approaches. So, in effect, the young person that comes into our system for a quick-fix, 3-month work experience at minimum wage and leaves without any other kind of benefit is, in effect, a poor investment.

It is a failure that we own. And if we are talking about a future employment training policy I think we have to ferret out the quick-fix, band-aid kind of approach that has been somewhat characteristic of our hopes for miracles in the employment and training system.

Now, the remediation process that we use as we understand problems to be complex, I think so, too, we have to think about a remediation process that is more complex and gets away from these categorical quick-fix solutions.

I think the patchwork of employment legislation, titles, categories and organizations has been highly disfunctional.

The objective of employability development, if we are serious about doing anything about this, I think it is that we have to be serious about the kind of organizations and the kind of programs that we develop.

It has also been costly in terms of supporting infractures to carry out responsibilities. We suffer from contractors, subcontractors and umpteen different organizations and what becomes the issue is coordination and all of these nice bureaucratic terms.

What suffers is the quality of service and the meaningfulness of the service that we provide.

I think there is no question that the categorical initiatives, delivery approach, service mixes and reporting acquirements have complicated and confused local delivery and have subtracted from the bottom line performance.

I hope that the deliberations do not compromise this fundamental mission of employability development.

We can't once again look in the bureaucracy, be that private or public bureaucracy, I think consideration of an effective process should be paramount in these deliberations and I think consolidation is a means to achieve it.

We have had the fortune of running a consolidated youth employment program in our organization and I think that has been an enlightening and fairly rewarding experience to be able to understand what consolidation can do.

Consolidation of youth programs is an example which I think should be considered further. I think we have to take advantage of the kinds of technologies that we developed over time and not go back to reinvent the wheel.

We have come a long way in employment training programs. If there is something of substance there we should build on that.

CYAP offers design for service delivery system which has an individualized focus providing a continuum of services on a needed basis rather than on categorical exigencies. It is centered around competency-based programing and it fosters a quantity and quality of remediation that is measurable and of value in marketing participants to employers.

I think the key there is competency-based programing. Because, as I pointed out before, all too often people move through our system. We put in a heavy investment and they leave with little result in terms of fundamental skills acquisition or the real marketable skills.

I think through competency-based programing where we establish some standards we can do through a systematic process some remediation of the kinds of problems that everybody is concerned about.

Our job, after all, is to take the disadvantaged and to make them attractive to the market and we have to do that in some kind of systematic long term way.

Design features, as I see it in the system should include the following: Eligibility, duration of unemployment and income levels have proven to be effective indicators and these should be specified and included in national legislation.

Targeting program services should not be blanketly specified.

Because the system operates or should operate on remediation principles, I think we should include provisions to allow individuals who are not eligible to participate in sponsored activities for a service fee.

I think this is another way of perhaps raising revenue and support in the basic function. Many of the things that we perform could be of benefit to the community at large.

I think another kind of observation, as long as we put poor people into poor people's programs they will forever be labeled as coming out of something less perfect, something inferior and will have a marketing problem for employers.

Consequently, I think we should open it up somewhat and serve poor people well but at the same time not handicap them by serving them in exclusive poor people programs because I think it works to their disadvantage

Intake, how we bring people into the system. I think a centralized intake is essential if those in need are to make sense of the opportunities and options available to them.

I think the confusing and complicated eligibility criterion coupled with a maze of locations have caused many eligible clients to turn away in sheer frustration.

At a time when resources are shrinking we still have a duplication of efforts which we really can't afford and we have to get serious about streamlining a system that performs well.

In terms of programing in the context of this new legislation or this new system we have to move away from the notion of fill the slot which I think has been all too prevalent in the sake of getting numbers on and not getting quality.

Investments in clients need to be based in competent assessment of their remediation needs. They have to occur in the context of an understanding of the labor market and more importantly of the workplace itself.

There are other individuals here who have given testimony that pointed out that we have not examined the workplace closely enough and I think we should.

Our prescriptions or remediations that we provide must be made in such a way as when a client moves through the system that there are demonstrable competencies that can be shown. There is actual evidence of skill development that is measurable so that we then have a product that comes out of this system and not somebody who is simply served a sentence for a period of time.

I think such objectives are easily said but competency based programing, a tested model that we have seen operationally, provides us with a real means.

Finally, I would like to conclude on the discussion of performance and effectiveness. I think we have to move away from bureaucratic indicators of performance and effectiveness, things such as a 60-percent placement rate upon close examination really can't tell us a lot.

Such indicators are all ways open to broad interpretation and contention. It does not tell us, really, what have people gotten out of these programs. Instead, I think we have to look at effectiveness measures. We have to be able to say if 200 individuals have come through our system without a high school education or lacking basic skills when they come out of our system we have to be able to demonstrate that some progress has been made toward obtaining skills.

So I would recommend that we shift our focus toward effectiveness measures as opposed to broadly constituted bureaucratic performance measures that really don't tell us a lot.

And I think as we move into an arena of measuring effectiveness then our programs can only improve because then we are getting to the real focus and with that I would like to conclude my testimony.

Mr. JEFFORDS. Thank you very much.

Neil?

## STATEMENT OF NEIL J. HURLEY, SPECIAL ADVISER, MASSACHUSETTS DIVISION OF EMPLOYMENT SECURITY

Mr. HURLEY. Thank you.

I would like to thank the committee for the opportunity to appear here today. My name is Neil Hurley and I am presently serving as special adviser to the Massachusetts Division of Employment Security.

In the past I have served as the director of the CETA grant in Lowell, Mass. and also the director of the welfare reform program.

I was asked here today to discuss that welfare reform program specifically as it relates to training services for welfare recipients.

Three specific issues that I would like to talk about today are one, the importance of a structured comprehensive delivery system; two, the fact that employment services can be effectively targeted to welfare recipients, specifically single female heads of households and; three, the effectiveness of intensive group job search as a job placement activity that we utilize in the Lowell welfare reform project.

On the first issue on the structured delivery system—we have heard different speakers today talk about a variety of programs being offered in the employment and training field. I carried this proposal all the way with me from Foster, Mass. so I would be disappointed if I did not show it to you.

This chart has made the rounds of New England and the country.

This is just an overlay of the type of delivery system that we operated in Lowell, Mass. The feature is it was very structured and very comprehensive. When we started the program in Lowell, Mass. we essentially had three agencies involved in providing employment services to the welfare population.

They were the Division of Employment Security who was the sponsor for the WIN program, the Welfare Department obviously, and the CETA program.

What we did in terms of setting up the program was we looked at those three agencies, who was doing what and who was doing what best. We essentially came up with a delivery system that emphasized the expertise of those three agencies in one comprehensive delivery system.

What this delivery system provides is a structured approach at each step of the process both for the client and for the staff and I should stress that.

Where it takes a client from the point of intake, through assessment, into a mandatory 5-week job search for all participants and then on to subsidized activity if they are not successful in obtaining employment, as a program manager, I have stressed the importance of this approach because it allowed better management control.

You knew what was happening to the clients as they came through the system and also streamlined the activity for the client as opposed to bounding from one agency to another to another.

The client came in and was presented with a schedule of activities over the next 5 to 8 weeks and it did eliminate a lot of confusion on that part.

In terms of any kind of a future delivery particularly for welfare recipients, I thought this was a good approach and I thought it would apply to the structurally unemployed through the employment system.

The second point that I pointed to make was that we were successful in the local program in targeting employment services both private sector jobs and subsidized training to the welfare population which is comprised almost 100 percent.

In Massachusetts it is 96 percent female heads of households that make up the AFDC population.

The reasons that we were successful I think in Lowell are twofold: One is that we recognize up front that the primary employment barrier to the AFDC mothers was child care and that any program that tried to service that population without addressing the child care program was going to be a failure.

In order to expect women to come in and actively participate in the job market who have children at home, obviously you have to address that child care need.

We took somewhat of a unique approach in Lowell whereby we trained AFDC mothers as child care providers. We used the PSE projects in the good, old days of public service employment. We used PSE projects to train approximately 50 mothers who were able to care for 200 children. That is a concept that could be used under CETA title II-B training programs or under WIN programs. It is something to be considered.

The other issue in terms of dealing with the AFDC population was the lack of confidence and self-esteem. We found that the woman coming into the program had a low confidence level, generally tended to underestimate themselves, as program planners were just as guilty in terms of underestimating the AFDC population.

We calculated in our estimates for budgeting that only 25 percent of the clients coming through and participating that 5-week private sector job search, that only 25 percent of them would obtain private sector emplmoyment.

In effect, what resulted was that 60 percent of the population found private sector jobs. With the proper positive approach to the AFDC population, with the proper support, they are just as capable as anybody else in terms of obtaining employment.

The third and final point is that we found the use of a structured intensive job search as a very useful and very effective employment placement tool in our program. Over 60 percent of the clients that came into our program who just went through a 5-week job search activity found employment in the private sector.

There are no miracles to a group job search. We use something called a job club technique. It is intensive. It does involve a lot of contact with the private sector and it is also self-directed. The private sector panel is talking about the necessity to deal with the economics of the situation and not with the social nature of employment training.

Our clients went out as individuals. They were not identified as having come from a WIN program, having come from a welfare program, having come from a CETA program. I personally believe, unfortunately, that that places a stigma on the client when they are going out, that the employers' immediate response is what is the matter with Neil Hurley if somebody from the Employment Service or somebody from the WIN program is calling for Neil Hurley.

The self-directed nature of the program had the client calling the employees themselves and selling themselves and that also helped to build their confidence level because it proved to them that they were capable of calling an employer, of going out and getting an interview and getting a job.

The approach is also cost effective. What it does is that the group job search concentrates on placing the clients into the private sector. The delivery system was that everyone would go through a 5-week job search activity. We would let the private sector and the job market determine whether the clients were marketable.

We did not get into a situation where people, after a half hour or an hour assessment interview, were determining whether the client was marketable.

The 5-week job search did that. It was not only a placement tool but for the people who were not successful in the 5 weeks it was an assessment vehicle. Our staff that worked with the client for 5 weeks knew that client and that client's strengths and weaknesses as well as anybody would ever know that client and we found that to be very helpful.

The group job search also maximized limited training resources. By having everyone participate in the group job search those clients who were capable of getting private sector jobs got them. Those clients who were not capable were recessed and put into another activity, whether it was a title II-B institutional training activity or a work experience activity so you did not get into a situation of this mentality of filling slots.

For example, the WIN program nationally had a one-third quota for placement into OJT and I think that what happened a lot of times is that people were being placed into OJT slots who really were capable of getting private sector jobs without the subsidy but because that quota existed when that client walked in the door and they had that one-third quote to fill they were placed into the OJT slot.

I will just conclude my testimony again by thanking the committee for the opportunity to appear here today. I think the Lowell experience shows that you can coordinate the activities of local agencies in an effective delivery system and that welfare recipients are just as marketable and just as capable of finding employment as anybody else.

Thank you.

Mr. **Jeffords**. Thank you, Neil.

Before I proceed I would like to point out that these hearings were rescheduled from October 15 and 16 due to the fact that the farm bill, even though I knew the farm bill had to be passed by October 1, I planned to have the hearings in mid-October.

The farm bill passed last week and we had to postpone the hearings and we have had to push everything into 1 day from 2 days.

Also, Mr. Hawkins and Mr. Weiss, who have other commitments today, are going to have to leave within the hour.

So, it is my intention immediately after this panel to call up the next panel so that Mr. Weiss and Mr. Hawkins will have the benefit of as much as possible of the testimony of that group before they have to leave. Mr. DeNardis and I will be here the remaining part of the day. I just want to warn everybody.

[Material submitted by Neil J. Hurley follows:]

## Executive Summary

Executive Summary of Testimony presented before the CETA Reauthorization Hearings in Brattleboro, Vermont on November 2, 1981 by Neil J. Hurley.

### OVERVIEW

The Welfare Reform Demonstration Program in Lowell, Massachusetts was successful in placing 60 percent of its participants who were welfare recipients into unsubsidized private sector employment. The program was successful because it: (1) Developed a structured delivery system which involved three key agencies in a comprehensive approach, the Employment Service's Work Incentive Program, the Department of Public Welfare, and CETA; (2) Dealt with the employment barriers that face single female heads of households; and, (3) Utilized an intensive group job search technique called Job Clubs which placed over 60 percent of its participants into private sector jobs.

### RELEVANT EMPLOYMENT TRAINING ISSUES

1. *Importance of a structured comprehensive delivery system.*—The Lowell program had a very structured delivery system which consisted of Intake, Assessment, Job

Search and Placement into Subsidized Work/Training activities. All of these activities took place within a 5 to 8 week time period. The majority of the time was spent in a 5 week private sector job search which was mandatory for all participants. Participants who did not find employment were placed into subsidized work and training slots. This type of structured delivery system allows for: (a) Better management control, because there is more accountability to move a client through the system on a timely basis, and each step of the process can be effectively monitored for results; and, (b) Services are provided in a streamlined manner to the participants, because they know from the point of entry what services will be provided over what time period and it eliminates any uncertainties on their part.

2. *Employment services can effectively be targetted to female heads of households.*—72 percent of the AFDC recipients that the Lowell Program placed into private sector jobs were single female heads of households. Two specific employment barriers of this population that were addressed were:

(a) *Child care.*—Child care was provided by training AFDC mothers as child care providers, who took care of the children of the mothers participating in the program. This training was done via a CETA PSE project and similar efforts could be initiated using CETA and WIN work experience and institutional training funds; and

(b) *Lack of confidence and self esteem.*—The welfare system created such a feeling of dependency that AFDC mothers felt incapable of getting jobs. The program dealt with this by being very positive with all the clients, stressing their strengths and assets, and by peer support and gradual confidence building. Any program that hopes to be successful with female heads of households must deal with the child care and lack of confidence, dependency problems.

3. *Structured, intensive group job search as an up front activity.*—This intensive group job search component in the Lowell Program proved that welfare recipients are capable of being placed in private sector jobs at a percentage rate of 60 percent and over, with only the job search assistance. The program was so successful in Lowell that the Massachuestts Division of Employment Security has implemented this Job Club technique as a major part of its WIN program. Job clubs are operational in most of the larger metropolitan WIN teams in the state.

Serious consideration should be given to using this structured, intensive group job search technique for AFDC recipients, youth, and other employment and training participants because: (a) it is cost effective, and (b) it maximizes limited training resources by placing those individuals who can get jobs directly into the private sector and by training those who cannot.

## PREPARED STATEMENT OF NEIL J. HURLEY, SPECIAL ADVISER, MASSACHUSETTS DIVISION OF EMPLOYMENT SECURITY

### INTRODUCTION

Mr. Chairman and members of the Committee I first want to thank you for the opportunity to appear here today to present my testimony.

My name in Neil Hurley and I am presently serving as a special advisor to the Massachusetts Division of Employment Security. In the past, I have also served as the Director of the Employment Opportunities Pilot Program in Lowell, Massachusetts and as the Administrator for the Lowell CETA Prime Sponsor.

The purpose of this testimony will be to explain the results of a CETA funded Welfare Reform Demonstration Program and to relate the success of that program to some of the larger issues that these hearings are intended to address.

### PROGRAM DESCRIPTION

The progarm was the Employment Opportunities Pilot Program (EOPP) and was located in Lowell, Massachusetts. EOPP was a national demonstration program that was designed to test a delivery system for servicing welfare recipients. Lowell was one of fifteen CETA Prime Sponsors in the country selected to test the program. The purpose of the program was to plan and implement a program that would offer employment and training opportunities to welfare recipients as an alternative to welfare cash assistance. The Lowell CETA Prime Sponsor was designated as the grantee and was given the overall responsibility for implementing the program. However, in the planning stages of the program we looked at what agencies were involved in providing employment services to welfare recipients. Those agencies were the Department of Public Welfare, the Division of Employment Security, and CETA.

The Welfare Department's role was to provide the supportive services necessary to remove any employment barriers preventing welfare recipients from seeking and accepting work. The Division of Employment Security in its role as the state sponsor for the Work Incentive Program (WIN) was in the business of finding employment for welfare recipients, as well as providing some institutional and on the job training. However, their performance was primarily based upon entered employments into the private sector.

CETA serviced a significant percentage of welfare recipients via its Public Service Employment (PSE) Program and Title II-B training activities. CETA's areas of expertise were PSE job creation and skills training. All three of these agencies were involved to some degree in helping welfare recipients find employment. What the EOPP program did was to provide a vehicle for coordinating all of their activities into a comprehensive approach. The end result was the design of a delivery system which involved all three of these agencies performing those tasks for which they were best suited.

The program consisted of the following two components: (1) A Job Search component which consisted of an intensive, daily, five week private sector job search, and (2) A Work/Training component which offered subsidized training to participants who were unsuccessful in finding private employment.

The basic philosophy of the program was simple but pragmatic; every welfare recipient will attempt to get a job in the private sector, and failing that will be provided with subsidized training, employment, or work experience.

## GROUP JOB SEARCH TECHNIQUE: JOB CLUBS

A unique feature of the EOPP program was the use of a group job search technique called Job Clubs as the major element of the Job Search Component. The Job Club is an intensive group job search approach which consists of one staff person working with a group of 10 to 15 welfare recipients. Some of the positive features of the Job Club are:

*Intensive activity.*—Welfare recipients participate 8 hours a day, 5 days a week for a 5 week period. Each recipient makes 10 phone calls a day to employers and develops 1 to 2 job interviews per day.

*Group support.*—All the participants share their problems and reinforce each other in the job search effort.

*Self-directed job search.*—Participants are taught how to develop their own job leads and obtain their own jobs. Participants develop their own job search skills and are not dependent upon the system for finding them employment.

*Positive approach.*—The Job Club is operated as a positive program which emphasizes the strengths and talents of all the participants and serves as a confidence builder for the welfare recipient.

The EOPP Program has shown that the Job Club group job search approach is an effective method of finding employment for welfare recipients because the entered employment rates have averaged 60 percent or better. Indications are evident that this job search approach could also be effective with other target groups such as unemployed youth, and Unemployment Insurnce Claimants.

## STATEWIDE EXPANSION

Governor King and the Director of the Division of Employment Security, Eugene J. Doody, were so impressed with the results of the Lowell Program that DES has expanded the job club concept to ten other WIN offices in Massachusetts which represent almost all of the larger metropolitan areas in the state. Those WIN offices are Boston, Springfield, Worcester, Brockton, Fall River, Cambridge, Malden, Northampton, Salem and Holyoke. Job Clubs will also be expanded to four other WIN locations during this fiscal year and they are Lynn, New Bedford, Quincy and Taunton. In fiscal year 1981 over 1800 welfare recipients found private sector employment through the statewide Job Club Program.

## OVERALL RESULTS OF THE LOWELL PROGRAM

1. 60 percent of the welfare recipients who have participated in and completed the program have found private sector unsubsidized jobs. 950 individuals found full time employment who were previously unemployed and receiving welfare payments.

2. The program successfully implemented a delivery system that coordinated the activities of three agencies, the Employment Service, the Welfare Department and CETA, in providing employment services to AFDC recipients.

3. The program had a major impact on eliminating fraud and abuse in the Welfare system, because it screened out inelgibles who were working full time and illegally collecting welfare payments.

4. The program enforced the work requirement for AFDC by reducing or eliminating welfare benefits to over 150 individuals who refused to participate.

## EMPLOYMENT AND TRAINING ISSUES

1. Importance of a structured, comprehensive delivery system.

The Lowell Program demonstrated the importance of having a structured, well organized delivery system. A system in which both the participants and the staff knew what their respective responsibilities were during each step of the process was a major reason for the success of the program.

Once the delivery system was established, the Employment Service, Welfare Department and CETA program were chosen to operate those elements of the system in which they had the most expertise.

A structured delivery system offers the following advantages to employment and training programs:

(a) *Management control.*—the existence of a structured system, with specific time frames for each activity, allows for greater management control over each phase of the process from the point of intake all the way through to termination to a job or training. Accountability also becomes more defined because the staff assigned to the various components have specific work tasks which can be monitored. For example, the job search staff handle a specific number of participants and have specific placement goals. They can receive due credit when successful and assistance, if and when, their performance falters.

(b) *Streamlined services to clients.*—in a structured delivery system the participants know from the beginning what services will be provided over what time period. Participants understand what their responsibilities are and many of the uncertainties often facing them are eliminated. This process makes the client more comfortable and provides for a more effective delivery of services.

2. *Employment services can be effectively provided to target groups, particularly the welfare population who are primarily single female heads of households.*

In the Lowell program 72 percent of the welfare recipients who were placed in jobs were single female heads of households.

The AFDC caseload in Massachusetts as of September of this year was comprised of 96 percent single female headed households which is typical of AFDC caseloads throughout the country. Any targeting of employment services to welfare recipients has to understand the employment barriers facing welfare mothers. The Lowell experience identified and successfully dealt with two major barriers:

(a) *Child care.*—if AFDC mothers want to or are required to participate in the labor force on a full time basis, the child care issue has to be faced. In Lowell, we found that the availability of after school child care was essential because we were dealing primarily with women whose children were of school age, 6 years and older. These mothers are required under the WIN Regulations to participate in employment related activities.

To deal with these problems we trained 50 AFDC mothers as providers who were able to care for [illegible] children of the clients who participated in our program. These women were trained via CETA PSE projects and similar approaches could be used via CETA or WIN work experience programs.

Any successful attempt at finding employment for female single heads of household must address the child care issue.

(b) *Lack of confidence and self-esteem.*—many of the AFDC mothers that we dealt with lacked confidence and doubted their ability to obtain employment. Unfortunately, the welfare system tends to reinforce this belief by promoting dependency via AFDC grants, food stamps, medicaid, and other services, none of which are geared towards independence and self-sufficiency. In Lowell, we were guilty as program planners of the same underestimation of the welfare recipients, because in planning the program we estimated that only 25 percent of the participants would find private sector employment as a result of the job search. Actually over 60 percent of the clients found jobs in the private sector.

The program combatted the confidence factor by being positive and supportive with the women, and by stressing that everyone has talents and skills which are marketable in the private sector.

3. *A structured, up front, group job search is an effective job placement tool and should be seriously considered for all employment and training programs.* The group job search component in the Lowell Program proved that welfare recipients are

capable of finding employment in the private sector, directly as a result of the job search. The advantages of this approach are that:

(a) *Placement is made directly into the private sector.*—which is where skills and training are most effectively conducted.

(b) *Maximizes limited resources.*—This job search process places those individuals capable of obtaining private sector jobs and targets the limited training resources to those people who were unsuccessful in their job search, and are most in need of skills training.

(c) *It is cost effective.*—The average cost per placement in the Lowell job search program was approximately $500 per client. This is particularly cost effective when you consider that the alternative for the welfare recipient is income maintainance which is non-productive for both the client and society.

The technique of finding a job is not taught at any level of American society on a universal basis. The educational system at the secondary and post-secondary level generally ignores the issue and individuals are left to their own haphazed methods of finding employment. Something as simple as a structured group job search for high school seniors and employment and training applicants could serve to place many more individuals directly into the labor force.

## REAUTHORIZATION OF THE COMPREHENSIVE EMPLOYMENT AND TRAINING ACT

### INTRODUCTION

The Connecticut Office of Policy and Management, Employment and Training Division presents this paper as a viable course for the future. The current atmosphere of budget reduction in combination with upcoming legislative action on key programs makes this an important time for Connecticut to express what is important, what methods and structures do work in the current training system, and what can be gained from proposed changes.

This paper focuses on the Comprehensive Employment and Training Act (CETA), and other programs insofar as they are related to CETA.

### OBJECTIVE

In its original authorization, CETA was designed to consolidate a bevy of categorical activities, forming a comprehensive and flexible training system for persons previously unsuccessful in the labor market. To this end a new system of local units was established, the Prime Sponsors.

Though closely related to the long standing systems of Vocational Education and the Employment Service, CETA was at once distinct because it specifically targeted a disadvantaged population group.

The basic intent of CETA was first debilitated when national priorities changed, and government became an active "employer of the last resort." CETA was commanded to expand Public Service Employment, enrolling large numbers of people, spending huge sums of money, all in a very short time period. The system responded well, but has long since suffered the administrative consequences of conducting a forced march.

When excessive youth unemployment arose as a national issue, CETA was commanded to respond. A new title was established with a variety of distinct youth programs, moving the training system backward toward its former categorical structure. Likewise, as additional problems and constituencies were recognized on the national level, CETA was directed to make special, almost categorical efforts to help. As a result, the system is now at a point where there are a host of confusing and sometimes conflicting federaly initiated objectives.

### RECOMMENDATION

The employment training system should be given a clear and simple mandate: To prepare the unemployed for employment in the private sector.

### PROGRAM CONTENT

Once a clear objective is identified, questions of content can be considered. When the results and expenditures of Public Service Employment are discounted, CETA's performance outlook improves greatly. In Connecticut during fiscal year 1980, the average cost per placement in Title IIB (the primary training program), was approximately $6300.00 per person. This is an expensive but reasonable figure given the position of the client upon entry to training, and given that stipends must currently be paid for all hours of attendance, in training. It can be reduced considerably by simplification of regulatory and administrative requirements.

Though cost is a major factor, the aforementioned, position of the client must be considered. Experience has taught that very many long term unemployed people need help with the four "R's": reading, writing, arthmetic and resume. The first three are obvious to all, but the word resume requires definition. "Resume" here means a basic familiarity with the working world, a sense of responsibility to and for one's job, basic skills in searching for and holding a job, and the necessity of establishing a work record. Following acquisition of these basic proficiencies clients can be directed to training which is closely geared to the needs of the labor market.

The past few years have seen the testing and development of many techniques, models and applications of training activities. A great body of first hand knowledge and experience is available in the field concerning the best ways to teach job search techniques, arrange on-the-job training, or conduct training in the classroom which relates to the work station. This is especially evident in the area of programs for youth, or for women who have been out of the labor market for many years. These situations may call for particular attention to activities stressing basic preparation and orientation to the working world. Caution must be taken to insure that simplification of the system is not achieved at the expense of reduced effectiveness in training the unemployed. As the economy expands and demand for skilled labor outstrips supply, the training system must have the tools and the flexibility to train population groups previously under-represented in the labor market. Without this ability economic growth will be limited by a fixed supply of skilled labor.

## RECOMMENDATION

Following a thorough evaluation of the long term unemployed persons skills and experience, the program should have two primary components, which the trainees may enter exclusively, sequentially or inpart, as appropriate to their postion: 1. Basic preparation, language proficiency; mathmatic proficiency; familiarity with competitive labor market; and acquisition of job search and job holding skills. 2. Working skills, skill training in the classroom or shop; and skill training on the job.

## STRUCTURE

As stated in the recommendation for content, the program should be concentrated in two basic components. On the legislative level the need for separate categorical titles is eliminated and a single consolidated title embracing the two components can be established. With this accomplished a single issuance of regulatory and reporting guidelines can be issued, greatly simplifying administration.

On the organizational level the existing Prime Sponsor system represents a major investment in time, effort and expertise which should not be ignored. As the current CETA legislation reaches the end of its lifespan it will be the responsibility of each state to use CETA's legacy of knowledge and lessons, hard learned, in the most beneficial manner. While retaining the best parts of the current system, key changes will be beneficial.

Coordination between CETA activities and others has often been hindered by geographical constraints. CETA boundaries are now set by central city minimum population requirements and political considerations rather then by labor market considerations. In some areas of Connecticut this has resulted in illogical divisions of labor markets which conflict with business and government practices. Vocational school systems, community colleges, community agencies and employment service offices all more logically, defind their service areas in close relation to labor markets and centers of business. Most importantly, businesses typically recruit from their surrounding area and should not be burdened with consideration of unweildly training program borders.

The current administrative structure is closely tied to local government and local elected officials. Prime sponsor agencies themselves are often part of city government and must adhere to the dictates of local regulations as well as contend with state and especially federal rule making. This compounded system causes decision making and program redirection to become a lengthly process. It also introduces factors in the decision making process which may be extraneous to the program objectives.

The state role in the current system is paradoxical. The state government often acts as a Prime Sponsor for areas not included in the city sponsored consortiums. It also sponsors the State Employment and Training Council (SETC), which advises the Governor. The SETC has a high level of responsibility to coordinate employment and training activities, but only advisory authority over the autonomous deliverers of training. The Governor receives a small grant of funds to work with the SETC, to conduct model programs, and to provide incentives for coordination. A categorical set-aside for contracts with the vocational education system is also included.

Though this arrangement might, at first glance, appear to fulfill a desire for decentralized programming, it masks a centralized point of authority, the federal government. In fact, authority is centrally held by the federal government through issuance of detailed regulations, interpretation of regulations, and extensive issuance of field memorandums with further rules and interpretations. While management responsibility is measured out in several portions to the state and local governments, the matching management authority is withheld. The state is held responsible for coordinating agencies which are not accountable to it. The agencies administering the local activity are accountable to two disparate bodies, local government and the federal government. This confusing structure where authority, accountability and management responsibility follow different paths does not contribute to solid program management.

### RECOMMENDATIONS

(1) In the design of the revised training system, do not separate authority from responsibility and accountability. These factors must follow the same path if we are to have successful management, (Federal-to State-to local). Clear roles must be defined as follows:

Primary Federal Role—responsible for establishing broad goals, objectives and limits, allocation of resources to states through an equitable formula, support of broad based research, labor market information, serve as an information exchange for "best practices".

Primary State Role—responsible for establishing specific goals and objectives, allocation of resources to local areas, providing central resource for administrative functions, management of coordination functions with state agencis related to training, education, income maintenance and economic development establishing operational regulations.

Primary Local Role—responsible for planning ad operation of training, design of activities best suited to local conditions, outreach and recruitment of clients, liaison with local business and industry, local area coordination.

(2) The current Prime Sponsor system framework should be retained to fulfill the primary local role. However, the following modifications must be made: (a) merge Prime Sponsor agencies and PIC's (where PIC's are incorporated) to form independent incorporated agencies distinct from the limits of any particular local government. (b) take initiative at the state level to align service territories in accordance with logical factors such as labor market boundaries, business and industrial centers, client population groupings, relevance to state sponsored training and education institutions, and other regional considerations.

(3) Delegate management responsibility to match the level of authority and accountability commersurate with each role. If a local manager is accountable for specific program results, he/she must have the authority and flexibility to operate the program without overburdening state regulation. The same analogy holds true for the state-federal relationship, where states must have the ability to set reasonable operational regulations in accordance with broad federal guidelines. When management responsibility is set, it must be equally matched by management authority.

### ADMINISTRATION AND PLANNING

Since the 1978 reauthorization of CETA, with its attention to preventing fraud and abuse, administration of a CETA program has become extremely complex and therefore costly. Complicated through over-regulation, "management by memorandum", and funding uncertainties the planning phase has become a reactionary exercise rather than a positive guiding one.

(A) Relationship to the Federal Government.—The basic relationships between federal, state, and local government require revision. The current federal role in regulation has reached a level of detail which removes most of the local control CETA was intended to have. Day to day relationships unfortunately must primarily focus on policing of complex regulations and certification of excess administrative components, rather than quality and impact of the training.

(B) Fund administration.—In the past few years funding levels for CETA have changed dramatically. This is quite natural as national priorities shift and is an acceptable uncertainity for administrators. Unfortunately, the uncertainties have multiplied several fold by the time they reach the operational level. Each year plans are developed on the basis of an estimated allocation, which can change substantially by the time the "real allocation" arrives. Administrators are cautious in attempting any comprehensive long term planning despite the fact that the officially scheduled planning process begins far in advance. The funding problem dictates that final decisions are often and necessarily held until the last minute, and inadvertently contributes to under-utilization of funds.

(C) Management information.—Federal reporting requirements on client tracking, characteristics, eligibility by title, etc., all cross-indexed, have resulted in large expenditures on automated reporting systems, as well as many staff years in effort. Despite all this effort many agencies have only been able to keep up with federal requirements, and have not progressed to the stage of having truely valuable and understandable management information. The enforced collection of data does not insure availability of useable information.

On the supply side there are currently a number of sources of labor market information concerning demographics, occupational demand, current and projected labor supply by occupation, etc. One of the major blocks hindering significant analysis is the inconsistency of terms used by the various generators of information. Educators report the number of graduates in certain areas, but the definition of skills may not match the demand side definition of occupation used by the Labor Department. Factors such as this one again increase the difficulty of good long range planning.

### RECOMMENDATIONS

Long range planning must be instituted, followed by implementation, review, and replanning. Here are three areas where change will be beneficial:

(A) Relationship to the Federal Government.—The federal role should focus on development of broad objectives and broad operational parameters. Promulgation of operational regulations is best handled at the state level, where state by state differences in resources and design can be accounted for. The federal role in requested assistance concerning regulatory issues, and in such areas as exchange of information on "best practices", should remain strong.

(B) Fund administration.—Realizing that there will always be a measure of volatility in funding for employment training programs, the concept of "forward funding" should nevertheless be considered. This process allows for appropriation and obligation in one year with expenditures in the following year, and affords a measure of predictability necessary to good management and planning. A two year allowable carryover would also be advantageous.

(C) Management information.—On the reporting side a perspective on what information is clearly valuable for program management must be drawn. Data requirements beyond this, counting this or that just so we can report the numbers must be eliminated. A realistic and appropriate reporting system can be far less costly than the current effort.

On the planning information side, there are two important points to be made. The National and State Occupational Information Coordinating Committees, while currently delivering career information to students and clients, must continue to be supported in the work of organizing available data into a useable format. Secondly, the federal government must act to have its agencies accept a common language for activities relating to training and educating for employment. At minimum, this should apply to the Departments of Labor and Education.

### CLIENTS

The question of who should be trained must be approached from a logical and cost attentive basis. A purely economic approach would argue against targeting, letting the marketplace make its own selections.

However, there are good reasons for some broad targeting. First of all, public resources will always be limited and must be directed to those who need them most, and can benefit most from training. Secondly, though there are substantial systems in place to train the majority of citizens for employment, an unacceptable number of people are unsuccessful in the labor market. The long standing institutions of education, vocational education and higher education prepare the majority of citizens for employment. Despite recent criticism that students are often ill prepared for the working world, there is great strength in these systems and they will respond. The Labor Department's Employment Service represents a long established system of simple labor market exchange which helps job seekers and employers find a match. Unfortunately, not all citizens succeed in these competitive systems, and find themselves uprepared for job competition in even the best of economic times. Long periods of unemployment, accompanied by individual economic distress, are the result.

Many unfortunate labels have been placed on persons in this circumstance, including structurally unemployed, disadvantaged, permanent underclass, etc. The federal government has dictated a level of income at which a person may be certified as economically disadvantaged, presuming that this economic circumstance occured as a result of long employment. The important point to glean from all of these laberls and definitions is that from both humane and economic viewpoints, there are tremendous costs to having these citizens out of the economic mainstream. Targeting of this group, by whatever definition used, is the best possible use of the employment training system.

The decision to target client groups raises consideration of two issues which restrict the current system:

1. *Coordination.*—When training and service agencies attempt to collaborate to serve common clients, differing eligibility standards force costly "double certification and reporting", and present a serious deterrent. This is especially evident when trying to match welfare recipients with job training. Double reporting accompanies agencies competing to claim job placements, rather than cooperating to place individuals in employment.

2. *Special circumstances.*—In areas where severe unemployment results from a major plant closing, natural disaster, sudden technological obsolescence and displacement, etc., CETA can be of little assistance until the effected workers have been unemployed long enough to become disadvantaged. Many workers can move to other jobs, but for those without transferable skills the training need should be addressed quickly and not following months of unemployment and income maintenance payments.

## RECOMMENDATIONS

1. In the main, employment training programs should enroll the long term unemployed. The definition of long term unemployed shold include a durational test (number of weeks) and an income test. The basic system of setting an income standards guideline on the national level should be used, but allow states to adjust the standard by 20 percent to afford better opportunities for coordination and to more accurately accomodate local conditions.

2. Allow the Governor to retain a portion of funds available to the State to be used for special circumstances. Eligibility would be based on local labor market conditions, involuntary displacement from employment, or lack of transferable skills rather than income.

## THE PUBLIC ROLE

Under current CETA legislation, there are numerous opportunities for public participation. Annual Plans are subject to review and comment by any interested citizens and each Prime Sponsor is required to provide support to its own public advisory groups, the number of which has grown with each special effort. The Prime Sponsor Planning Council was the original advisory group, membership typically reflects program operators, community agencies, elected officials, clients, and a small number of employers. With the advent of Title IV, the Prime Sponsor had to establish a Youth Council, specifically focusing on youth programs. Membership is similar to the Planning Council, with particular attention given to agencies and persons interested in youth. Title VII brought on the Private Industry Council (PIC), composed predominately of employers, and dedicated to making Title VII programs (and other CETA programs) more responsive to the private sector labor market.

The Prime Sponsor also is generally represented on the Governor's statewide advisory group, the State Employment and Training Council (SETC). The membership of the SETC includes four basic groups; local government, business and labor, client population, and service deliverers. Each of the aforementioned groups have expanded to include subcommittees and working groups devoted to various issues and concerns. With the exception of the PIC's there is a similarity of purpose. Each shares a common responsiblity, mainly to insure that plans and activities are coordinated, to oversee programs, and to make to make such recommendations as they see fit. The value which this curent public role adds to the training system varies widely according to location, but in many areas the role is felt to be burdensome to both the public and the administration. The consolidation of activities proposed in this document allows us to also consolidate and focus the public role.

Let us begin with a definition of the "public". Though public funds must be accounted for to all taxpayers, the employment training system has a first line responsibility to the consumers of its services; employers, organized labor, and the client community. We believe that this public is concerned with the product. What types of people need training, how are they best trained, and most important of all, are they competitive and productive in the labor market following training? The factors which influence these concerns revolve around program design, curriculum development, employer and union input on training matters, and the selection of training areas which truly address labor market needs.

Issues such ad duplication of effort, review of contracts, and coordination between service deliverers are important, but are primarily the responsibility of management and not a public advisory group.

### RECOMMENDATION

With a clearly focused and consolidated program, we can identify an appropriate and useful public role. The public role should be clearly stated so as to focus on matters of program design, development, responsiveness to the labor market, value of training to the trainee, and marketing of the trainees.

On the local level the public role should be consolidated in a single group with representatives of the three primary "customers;" employers, unions and client community. Leadership of the group should be vested in one of the three constituencies, perhaps with a revolving assignment of chairpersons for clearly defined and limited time periods.

On the State level there is a need for communication between the regional areas, and between statewide interests representing the customers. This group, under the direction of the Governor, should be composed of three elected representatives from each local group,[1] and a limited number of appointed "customer" representatives who can provide a truly statewide perspective.

### A FINAL RECOMMENDATION

This paper has presented a general description of how the Comprehensive Employment and Training Act might be restructured. There are a variety of alternate opinions and options available, and participation in the debate is a healthy exercise for all concerned. The very fact that there is such a diversity of opinions, strategies, and concerns supports the need to move true authority and management responsibility to a position where statewide as well as local perspective can be considered. The notion of a block grant to Governors, earmarked for employment training, with pass-through to logically structured regional sponsors, addresses this need. A grant with firm direction and objectives, but minimal rules and red tape will be most productive. With the changes outlined in this document, employment training programs can be improved and will provide excellent results.

## STATEMENT OF GILBERTO BELAVAL, ASSISTANT DIRECTOR, OFFICE OF POLICY AND MANAGEMENT, HARTFORD, CONN.

Mr. BELAVAL. My name is Gilberto Belaval. I am Assistant Director of the Office of Policy and Management, Hartford, Conn.

OPM is the executive planning arm of the Government. We also administer the CETA's special grants to the Government.

Basically I am going to restrict my remarks to those elements of the CETA legislation that I think should be considered in reauthorization.

A little background which I guess everybody is familiar with. Since 1975, CETA has provided large amounts of funding for job training and public service employment for the economically disadvantaged. The funds flow partially through State governments and partially in direct line from the Feds to the locals.

The programs in recent years have been weakened through overregulation, bad press, and the identification of a social program with too many objectives.

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[1] One representative from each constituent group.

Again, just to discuss some of those key elements, they would be the objectives of the legislative program content, structure, administration, and planning, targeting of the clients to be served and the public role.

Through overregulation and mass service employment buildups the addition of categorical programs and special attention legislation slated for client groups, CETA has lost sight of its original intent.

Our recommendation is that it should be given a clear and simple mandate to prepare the unemployed for employment in the private sector.

Program content: current legislation has eight titles, each with its own program and legislation causing confusion on a mass scale.

Experience has taught us that the unemployed, that is the disadvantaged, need help with the four R's, reading, writing, arithmetic, and resumé writing, the whole aspect of holding on to jobs, application writing, resumé writing, et cetera.

The program should be simplified to reflect this experience.

Recommendation: focus on two components only, language, math, acquisition, job seeking and searching skills, and workmen skills. That is skilled training in the classroom or on the job.

Structure: The current administrative structure is complicated and unwieldly. Consortiums of some large cities and surrounding towns receive funding directly from the Federal Government or CETA sponsors.

The State role is paradoxical; that is, the State government acts as a prime sponsor in some cases for areas not covered by consortiums.

The State also sponsors a State employment and training council which advises the Government. The current legislation gives the SETC and the Governor a high level of responsibility to coordinate training activities but only advisory authority over the autonomous deliverers of training.

The Governor also receives a small grant of funds administered by OPM to work with the SETC.

Model programs provide incentives for coordination.

The recommendation: This paper recommends that authority and responsiblity and accountability must follow the same path if we are to have a successful program that is successfully managed. It must flow from the Feds to the States to the locals in direct proportion of responsibility and authority.

The primary Federal role responsible for establishing broad goals and objectives and limits, allocation of resources to States through an equitable formula.

Support of broad base research, labor market information, serve as an information exchange for the best practices available in the field.

The primary State role responsible for establishing specific goals and objectives, providing essential resources for administrative functions, management of coordination funds with State agencies related to employment and training, education, income maintenance, economic development, and not establishing operational regulations.

The primary role of the local's responsible for planning and operational training design of activities best suited to local conditions and outreach and recruitment of clients and liaison with local industry.

We further recommend that the current prime sponsor framework with some geographical modifications be retained as a local training provider.

The final point on structure emphasizes the need to delegate management authority to match the level of responsibility and accountability commensurate with the role.

Administration and planning. We believe that regulation, Federal management by memorandum and uncertainty of funding, plan A for CETA training, has become a reactionary function rather than a positive guideline.

Recommendations, relationship to Federal Government: Federal roles should be concentrated on the development of broad objectives leaving the State to promulgate operational regulations as best suited to its particular objectives.

Fund administration: The concept of forward funding from the Federal level should be considered to afford the measure of predictability necessary for good management and planning.

Management information. Reporting should be limited to information that is clearly valuable to program management. The Federal Government should act to have its agencies accept a common language for job training activities.

Targeting for clients. The current programs directed to persons unemployed and economically disadvantaged setting income standards at the Federal level.

The standards vary from each title complicating administration once again.

The standards also differ from income maintenance programs forcing double eligibility procedures and other complications when coordinating activity is attempted.

The current legislation also does not allow any significant activities for special circumstances where clients do not yet qualify as being disadvantaged; that is, plant closing, natural disasters, sub-economic development activities.

Recommendations: In the main, the program is to enroll the long-term unemployed. An income standard guideline on a national level should be used but allow the States to adjust the standard by 20 percent to afford better opportunities for coordination and to more accurately accommodate local conditions.

Allow the Governor to retain a portion of funds to the State to be used for special circumstances. Eligibility should be based on local labor market conditions, involuntary displacement from unemployment or lack of transferrable skills rather than income.

The public role: The current legislation mandates a bevy of overlapping advisory groups. Each prime sponsor at a minimum must support a planning council, a youth council, or a private industry council. OPM, our agency, must support the State employment and training council and its three attendant subgroups.

The groups are often at least partially composed of contractors or people potentially receiving grants who are competing for funds.

We also include government, business, and labor representatives.

The value of which this current public role contributes to the training system varies according to the location, but it is felt to be burdensome to both the public and to the administration.

Recommendation: the public role should be clearly stated so as to focus on matters of program design, development, responsiveness to the labor market, value of training to the trainee and the marketing of trainees.

On the local level the public roles should be consolidated into a single group of representatives of the employer unions and private sector groups.

Leadership of the groups should be vested in one of the three constituencies, perhaps with the revolving assignment of Chairman Shipps for the limited period of time.

On the State level there should be a need for communication between the regional areas and between the statewide entries it is representing, the customers, unions, employers, and the clients.

This group under Director Shipp of the Governor should be composed of the three elected representatives from each group and the limited number of appointed customers or the employers, unions and the private sector.

There can be a limited number of representatives to provide a truly statewide perspective.

I tried to make our recommendations as simply as possible in terms of the total concepts that we would like to see put forward in the reauthorization of CETA.

Mr. **Jeffords**. Thank you for your very excellent testimony.

Mr. Hawkins?

Mr. **Hawkins**. I want to agree that it is very excellent testimony and I will yield at this time.

Mr. **Jeffords**. Mr. Weiss?

Mr. **Weiss**. Thank you very much, Mr. Chairman. I guess I really have only one question.

I wonder, Mr. Verchereau, could you give us just a little bit more fleshing out of how the coordination of all the components takes place and whether you had very much difficulty in achieving that coordination?

Mr. **Verchereau**. We in the Vermont Job Service operate the basic labor exchange. We operate the WIN program, and currently we are operating all of CETA except for some that is in education in the schools and we operate all the other programs that are going around. But what we basically have out there is each local office manager is responsible for these programs and there are staff assigned not necessarily specifically for any one program in each local office. Everyone comes through the same door whether they are a WIN applicant, unemployed, UI, or whatever they are, and they are offered all the same services whether it be basic labor exchange or whatever it is.

If they happen to be economically disadvantaged then they are afforded whatever there might be for CETA eligible. If they are WIN eligible, then they go into the WIN program.

But it is the meshing of all these programs where you go into the overhead, the administrative costs.

Also from the point that you have a real, strong program which goes out and does a real good job of soliciting the job openings in the field, you are now able to afford just plain jobs to all these groups that come through. Not only the groups of people who don't have to go from place to place, but the employers are able to call one spot and find out.

If you have someone and an employer calls looking for someone with specific skills and you have someone who is close, then you can move that individual in.

The problem that used to be was that if you did not have the OJT there or the WIN program or whatever, then that employer would never get to the right place to find out. He had to know who was peddling what in town. But it does work very well.

Mr. **WEISS**. Thank you.

Thank you very much, Mr. Chairman.

Mr. **JEFFORDS**. Larry?

Mr. **DENARDIS**. No questions at this time.

Mr. **JEFFORDS**. Thank you. You have all been very excellent with very specific recommendations. We will want to be back in touch with you and I am sure you will give us your cooperation in that regard.

Mr. Richard Collins, the executive director of the Vermont Advisory Council, could not be here.

Mr. **KENNEDY**. I will present his testimony.

Mr. **JEFFORDS**. Mr. Lloyd Kelley, acting commissioner of education, State of Vermont; Mr. Lou Salebra, director of the Rutland Vocational Education Center; Mr. James Caradonio, director of the curriculum and staff development of the Humphrey Occupational Resource Center of the Boston Public Schools; and Mr. Harold Shively of Bunker Hill Community College in Boston, Massachusetts.

Thank you all for coming.

As I pointed out earlier, Mr. Hawkins will have to leave at approximately 1:30.

## STATEMENT OF KEVIN KENNEDY, DIRECTOR, CHAMPLAIN VALLEY WORK AND TRAINING PROGRAMS AND CHAIRMAN, VERMONT STATE ADVISORY COUNCIL FOR VOCATIONAL EDUCATION

Mr. **KENNEDY**. Committee members, I would like to say that the cover sheet on my testimony is in error and it should read rather than testimony regarding vocational education reauthorization, the Kevin Kennedy Advisory Council on Vocational Education's testimony regarding CETA reauthorization.

However, the testimony itself is proper.

I serve as director of Champlain Valley work and training programs, Vermont's largest CETA contractor, from 1973 to October 1, 1981. I now also serve as chairman of the Vermont State advisory council for vocational education. As such I am convinced that it is vital to coordinate vocational education and CETA in the upcoming reauthorization of the legislation.

The days of public service employment are over. CETA must revert to its original intent. It must eliminate systematically the employment barriers of the structurally unemployed. CETA must help these people move from being dependent to being independent; from being a drain on the economic structure to being contributing members of a work force which is involved in the reindustrialization and economic revitalization of America.

CETA must address the problems of that segment of the population which, regardless of economic conditions, can enter the job market only with utmost difficulty.

For the most part, CETA's role historically has been remedial. More funds directed toward preventive measures would, in the long run, prove more cost effective. Studies conducted by the advisory council for vocational education and reported several times in its annual reports confirm this thesis.

Negative patterns, despair and dependency, would be eliminated before they begin. Cost benefits of CETA programs would increase significantly if problems were attacked before they become fixed behavior patterns or experiences.

In 11 years in the employment and training business I have isolated the circumstances prevalent among the structurally unemployed. The people we are talking about:

Do not know what they want to do, or what they can do;

Do not know what the employment opportunities are outside their extremely limited experience;

Do not understand the value and rewards of productive employment;

Do not recognize the work ethic or good work habits;

Do not know where or how to look for a job;

Do not know how to sell themselves to an employer even if they should find a job;

Do not have marketable job skills nor an acceptable level of basic educational skills.

Vocational education can lead the effort to eliminate these problems before they are established irrevocably. This can be done effectively with in-school youth and particularly with vocational students who are not bound for college.

CETA-sponsored programs should be established at the vocational schools. In my dual role as chairman of the advisory council for vocational education and as director of Vermont's largest CETA program, I find that the most effective programs would include these elements:

Prevocational emphasis on skills assessment, aptitude testing, vocational evaluations, and interest assessments, including interest inventories and values clarification exercises.

Occupational information services using an individualized, multimedia approach geared to real labor market conditions.

Orientation to the work ethic. Responsibilities and rewards of work, motivation, and productivity would be emphasized.

Job-seeking skills such as finding the hidden job market, finding a job, writing a résumé, interviewing.

Basic educational and job skills, including accreditation for those skills.

We can learn from the successful Job Corps program. Job Corps includes many of the components I have outlined. However, it again is an attempt to remediate rather than prevent. It is housed in a costly residential setting and many young people might better have received those important services in their home communities. There is great need for Job Corps and it should continue.

Vocational education, on the other hand, can take a preventive approach, leaving the Job Corps to concentrate on those hard-core situations for which a residential remedial program is needed.

I have emphasized youth populations as a priority target. However, once the programs I have outlined have been established through vocational education, the important resources of vocational education—facilities, equipment, and expertise—can be used to extend the potential of vocational schools to provide skills to the structurally unemployed of all ages.

Because most funding is local and therefore limited, however, CETA legislation should earmark these extra services for funds targeted directly to vocational education, thereby providing incentives and basic economic support.

CETA legislation also should provide research and demonstration funds for action and results-oriented private companies and contractors. These would be in addition to Title VII programs. CETA should not be limited to activities traditionally operated by State and local governments.

Success-oriented and cost-effective competition in the operation of CETA programs should be encouraged. Coordinated but not interlocking activities with Employment Services and other established systems also should be encouraged.

Not the least of these would be occupational training programs planned and implemented cooperatively with vocational education.

A key element in America's economic recovery is an aggressive, well-trained, competent, productive labor force. CETA can, CETA must, play a major role toward achieving this objective.

Mr. **Kennedy**. Thank you.

Mr. **Jeffords**. Thank you very much.

The next witness is Lloyd Kelley. Lloyd, it is a pleasure to have you here.

## STATEMENT OF LLOYD KELLEY, ACTING COMMISSIONER OF EDUCATION, STATE OF VERMONT, MONTPELIER, VT.

Mr. **Kelley**. Good afternoon, gentlemen. I apologize for the fact that my staff did not provide multiple copies. My written statement is brief, and my executive summary mercifully is brief.

I am pleased to have the opportunity to meet with you today and present testimony in support of reauthorization of the Comprehensive Employment and Training Act. In the State of Vermont CETA programs have had enormous positive impact on the economy, on the attitudes and self-esteem of the people employed who otherwise would not have been able to work, and on the educational system itself.

Since the authorization of CETA programs, the Department of Education has been cooperating with the Vermont Comprehensive Employment and Training Office in the operation of in-school youth and summer youth programs, and has also run classroom training, both individualized and group size.

Through the years, there have been close to 15,000 enrollments in Department of Education-operated CETA programs, representing 15,000 job opportunities which would not have existed without CETA. The primary intent of Department of Education CETA programs is to help participants remain in or return to school by allowing them to earn money which can help them to do so; but, especially in the last 3 years, several secondary program goals have become increasingly important. They include:

One, providing participants with assistance in making the transition from school to work by stressing various aspects of labor market orientation such as job interviewing skills, resume preparation, et cetera;

Two, allowing vocational exploration activities for younger enrollees to assist them in developing an awareness of various career options;

Three, arranging for academic credit to be granted for competencies gained through work.

Four, involving the community in developing meaningful, interest-related job placements for participants.

Thus, the thrust of Department of Education-operated CETA programs has become multifaceted over the years, but it is our belief that in the future, still more effort must be made to integrate manpower and education programs. We must make maximum use of the money available by determining which services each system provides best, and then by developing a strategy which will facilitate coordinated delivery. To give you an example of how we are approaching such coordinated delivery in Vermont, I would like to mention the prevocational training programs for 14- and 15-year-olds which are part of our summer youth employment program.

Departing from my prepared comments, I would like to interject, manpower training programs funded through CETA for targeted operations have provided models subsequently adopted through other models. I have visited the Hampden Skills Center about which you heard earlier and I was impressed by what I saw. We have been developing strategies for implementation of many of the concepts undergirding the skills center-approach for use in a rural environment with widely dispersed populations. We feel it can be done.

It is important to identify who does what best, certainly for collaboration and coordination of delivery. In Vermont the Governor's manpower training cabinet provides a vehicle for accomplishing these objectives and serves to facilitate cost-effective program operations.

As reauthorization and manpower programs is considered, it is important to remember that the individuals who participate in training programs are motivated to work, to learn, to be contributing and productive members of society. The Federal Government gains from an employed and self-respecting citizenry, and I urge that employment and training programs be continued as a means of helping those in need to achieve such status.

Thank you.

Mr. JEFFORDS. Thank you very much, Lloyd.

[The prepared statement of Lloyd Kelley follows:]

### PREPARED STATEMENT OF LLOYD A. KELLEY, JR., COMMISSIONER OF EDUCATION, VERMONT DEPARTMENT OF EDUCATION

I am pleased to have the opportunity to meet with you today and present testimony in support of reauthorization of the Comprehensive Employment & Training Act. In the State of Vermont, CETA programs have had enormous positive impact on the economy, on the attitudes and self esteem of the people employed who otherwise would not have been able to work, and on the educational system, itself. While it is this panel's charge to address the issue of vocational education, I would be remiss in my role as Commissioner of Education, if I did not also point out some of the many other successes which CETA has enjoyed in the educational community of the state.

Since the authorization of CETA programs, the Department of Education has been cooperating with the Vermont Comprehensive Employment & Training Office in the operation of in-school youth and summer youth programs, and has also run classroom training, both individualized and group size.

Through the years, there have been close to fifteen thousand enrollments in Department of Education operated CETA programs, representing 15,000 job opportunities which would not have existed without CETA. The primary intent of Department of Education CETA programs is to help participants remain in or return to school by allowing them to earn money which can help them to do so; but, especially in the last three years, several secondary program goals have become increasingly important. They include:

(1) Providing participants with assistance in making the transition from school to work by stressing various aspects of labor market orientation such as job interviewing skills, resume preparation, etc.;

(2) Allowing vocational exploration activities for younger enrollees to assist them in developing an awareness of various career options;

(3) Arranging for academic credit to be granted for competencies gained through work. (Over 78 percent of the schools participating in our in-school program grant credit to participants. Since the summer program is of short duration, fewer schools grant credit, but the number is increasing).

(4) Involving the community in developing meaningful, interest-related job placements for participants.

Thus, the thrust of Department of Education operated CETA programs has become multifaceted over the years, but it is our belief that in the future, still more effort must be made to integrate manpower and education programs. We must make maximum use of the money available by determining which services each system provides best, and then by developing a strategy which will facilitate coordinated delivery. To give you an example of how we are approaching such coordinated delivery in Vermont, I would like to mention the Prevocational Training Programs for 14 and 15 year olds which are part of our Summer Youth Employment Program.

For the last three summers, various of the State's Vocational Centers have allowed their facilities to be used for vocational exploration by fourteen and fifteen year old CETA participants. Vocational instructors provide direct hands-on training to enrollees, who are cycled through three to six vocational subject areas in a six week period. The Centers serve as worksites for participants, who punch a timeclock upon arrival and departure, who are provided with a comprehensive unit on the World of Work, and who produce products and/or complete projects in various fields including culinary arts, graphics, carpentry, child care, etc. A special characteristic of this program is its emphasis on alerting young people to available careers in a non-sex stereotyped way. Boys learn how to cook, girls learn how to weld. Participants are administered questionnaires at the program's completion, and are asked if their attitudes about and interest in different careers have changed as a result of the program's content. Many respond that they are rethinking career plans as a result. In the last three years over 500 young people have participated in this program which has been operated in Rutland (3 years), Newport (3 years), Springfield (3 years), Middlebury (1 year), Essex Junction (2 years), Burlington (1 year) and Barre (1 year).

Thus, by utilizing existing vocational education facilities during the summer months when they are generally underused; by stressing that placements made in these programs are real work; by providing special help to target groups (the handicapped, limited English speaking youth, etc.); by eliminating sex stereotyping in program offerings; by exposing participants to concentrated units in labor market orientation; and by allowing young people to explore career fields which they might otherwise not have considered, many things are accomplished at one time. One participant's answer to the evaluation question "Have the things you've learned in this program made you feel more confident?" was "I found out that I can do lots of things I never thought I could!" It appears to us that a program which can elicit such a response is a successful one.

This brings me to the point of one of the questions which has been raised for consideration during these public hearings, specifically "Have Employment & Training Programs worked?" In Vermont, the answer to that question is a resounding "Yes." Employment & Training Programs have worked because they have kept young people in school; because they have helped people earn money to feed their families; because they have prevented, for many, the feelings of self degradation which accompany despair; because they have provided skills training and basic education skills which have helped make people more employable; because they really do promote the American ethic of a day's pay for a day's work.

Because of CETA, the work component of cooperating Upward Bound Programs has been significantly more effective; motivated young offenders have been allowed to work off their crimes through diversion programs, thus preventing them from carrying criminal records for the rest of their lives; potential dropouts have been helped to remain in school and graduate; severely handicapped people have been provided with an opportuntity to prove that they can succeed.

The real question, however, seems to be whether Employment & Training Programs have worked as well as they might, and if not, how can their delivery be improved? Clearly, with fewer dollars to spend, we must acknowledge the need for increased cooperation on all fronts to make those dollars work as hard as possible. To that end, in Vermont, the Governor has established a Manpower Training Cabinet which comprises the Secretary of the Agency of Development and Community Affairs, as Chairperson, the Commissioner of Employment and Training, the Commissioner of Labor and Industry, the Commissioner of Education, the Director of the State Planning Office, and the Commissioner of Social Welfare. In recognition of the desirability of streamlining and coordinating employment, training and eduational services, the Governor has charged this Cabinet with fulfilling the obligations of the State's Occupational Information Coordinating Committee, as well as with carrying out various other responsibilities, including:

(1) Ensuring that current labor training and labor exchange services provide adequate incentive for appropriate economic expansion within the State;

(2) Ensuring that employment and training programs are providing a product which is appropriate to the needs of Vermont employers;

(3) Studying the existing advisory council structures and recommending a system to coordinate and consolidate the advisory councils as to the best use of resources in keeping with requirements of legislation of the affected programs;

(4) Ensuring that current employment training services result in a coordinated approach to training at the lowest possible cost; and

(5) Developing a five-year plan in which the employment and training goals of the member departments are conducted with emphasis on the allocation and expenditure of funds in a coordinated and cost effective manner.[1]

To facilitate the accomplishment of these goals, the Cabinet is identifying existing interdepartmental linkages, and attempting to devise a mechanism for making them more effective. Individuals responsible for administering the WIN program, for example, are asking the Education Department about the feasibility of using the schools to provide day care services prior to and after the regular school day, since finding care for the young school age children of WIN recipients during those particular hours is very difficult. In turn, the Education Department is asking the Agency of Development and Community Affairs to help identify trends in industrial growth so that training classes can be established which are proactive as well as reactive. Job Service offices around the State are becoming utilized by Department of Education CETA Youth Program counselors who bring their counselees in to talk to Job Service staff about available resources and services.

This kind of cooperative activity must continue and grow, so that overlap and duplication are eliminated, and efficiency and economy are maximized. While it would be possible to go on at great length about ways in which Employment & Training programs can interface with Vocational Education, I will comment upon only one more area of concern before concluding, and that is the need for federal attention to be brought more explicitly to vocational training for adults.

Although adults pay most of the taxes in this country, the adult population receives very little consideration when educational programming takes place. While it is true that numerous adults enroll in evening courses in local schools and pursue short term activities, mostly of an avocational nature, only a small percentage of the adult population is served in a serious way by our Vocational Centers and by the educational system, in general. Why should this be true? Why should an adult not be able to enroll in vocational training or retraining that is geographically convenient, scheduled for hours when he or she can attend, is of reasonable cost, and is responsive to the labor market demand in the home region? Why must it be assumed that a person who has been doing a particular job for the last twenty years should be happy to do it for the next twenty? Why not look at projected employment needs in a region and think about training or retraining adults to meet those needs rather than to look only at the very young to meet them?

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[1] Executive Order No. 53, January 13, 1981.

Why not, indeed! Let us think seriously and carefully about the demands of a rapidly changing technology, and about the role which Education must play in facing up to those demands in a realistic way. Let us encourage the establishment of Employment & Training Programs that are responsive to local needs and which take Education on as a full working partner. Let us ensure that these programs meet the needs of the younger student who must explore career options, of the secondary and postsecondary student who is engaged in developing job skills, and of the adult who must or wishes to change careers and seeks retraining or skills upgrading. Let us structure an Employment & Training system that incorporates the best of what we have learned from yesterday and today and isn't afraid to break new ground tomorrow.

Mr. **Jeffords.** I would like to announce that after this panel is completed we will take a half-hour break.

Lou, it is good to have someone from my hometown here. Of course Lloyd is here too.

Go ahead.

## STATEMENT OF LOUIS SALEBRA, DIRECTOR, RUTLAND VOCATIONAL EDUCATION CENTER, RUTLAND, VT.

Mr. **Salebra.** My name is Louis Salebra. I am the director of vocational education for Rutland County in the State of Vermont. My comments will relate to a specific point that if Congress believes that employment productivity and training is a national priority, then I believe that Congress then should direct the restructuring and redesigning of the delivery system from Federal to State to local levels. If it is really a priority at the national level, what measures can we take to make it a priority at the local level where the action is. I am very concerned about that. I am very concerned that facilities available for all the training are generally governed by a local school board, which really could not have any meaning at all about employment and training and employment productivity. So what can we do to redesign the structure?

In the Rutland area about 4.5 percent of our total budget is spent for this. You are not going to buy much influence for that amount of money. State dollars, coupled with that, come up to almost 25 percent. You are still not buying much cooperation. However, I think if you examine the reason you will find that we are probably one of the most cooperating agencies with all of the employment training agencies in the area. It is only because people make these things work and not mandates and all kinds of other items.

I sincerely believe that if the organization of funding was in the block grant, so to say, and use that influence with States to organize a board whose priority is employment and training and, in turn, set up regional boards, again a priority of employment and training, we may be able to carry out the mandates of the Federal legislation.

I am not sure changing from agency to agency, Government level to Government level, that many of the things get lost in the transitions, and I think it is about time we think in terms of a national priority into a national delivery system.

And that is the bulk of my statement. Thank you, sir.

Mr. **Jeffords.** Thank you very much.

[The prepared statement of Louis Salebra follows:]

### PREPARED STATEMENT OF LOUIS J. SALEBRA, DIRECTOR, RUTLAND AREA VOCATIONAL-TECHNICAL CENTER, RUTLAND, VT.

Mr. Chairman and members of the subcommittee, I am Louis Salebra, Director of Vocational Education for Rutland County in the State of Vermont. On behalf of the Rutland community, I thank the Subcommittees for the opportunity to express concerns on the reauthorization of the Comprehensive Employment and Training Act.

For more than forty years, the Rutland City Public School District through its Vocational Education Division has been the center for skill training activities in Rutland County. Rural in makeup, the County population of 57,000 boasts a diverse labor force of 26,400 persons.

Secondary business and industrial education programs in 1941 were joined by war production training programs in 1942. Since that time, the Rutland City School District has supported several varieties of training programs for business and industry. School facilities have been readily available without charge for occupational training programs since 1940. A good relationship between the various training agencies and the Rutland Public School System has been fostered and perpetuated.

Evidence to support the importance of the Vocational Center to Rutland County is its utilization. From 8 a.m. to 3 p.m., some 600 secondary students (250 from Rutland City and 350 from outside Rutland City) attend the Center. An additional 60 handicapped students attend specialized programs. A Waste Water Treatment Plan Operator Training program jointly operated by Environmental Protection Agency, Job Corps and the Rutland Center adds 26 more youth to our day program. Industrial training programs for specialized inservice or upgrading of employees takes place during the 4 p.m. to 7 p.m. period. From 7 p.m. to 10 p.m., regular adult vocational and avocational training programs occur. Postsecondary Associate Degree Programs are also available in Vocational areas as well as certificated programs for specific skills. Total enrollment in all programs approaches 3,000 yearly.

Public health statistics reveal further importance of the Vocational Center to the region by the lack of mobility in the population. Rutland County has had a mobility rate of 15 percent for the last ten years.

With all the activity previously noted, we continue to have a large segment of the population unserved due to several reasons. Reasons include: (1) Youth who have completed a secondary program without skills for the job market. (2) Dropouts who fail to return to complete or participate in a vocational training program even though Vermont Law provides for access and educational costs. (3) Youth and adults who having completed a secondary program have a desire to enter a particular trade but find rules and regulations to keep them out of existing training programs. (4) The dependency on a variety of government programs that provide a minimum of training and subsistence allowances. (5) Confusion or ignorance to identify available training.

In 1963, a united effort of federal, state and local governments to construct, equip, staff and operate a network of vocational and job training facilities throughout the United States began. Aligned with this effort, major programs were designed and funded to train or retrain specific population groups for employment. Major programs consisted of Vocational Education, Manpower Development Training Act (MDTA) and later the Comprehensive Employment and Training Act (CETA.)

Vocational Education and CETA have the same overriding objective: To provide enrollees skills, knowledge and attitude training to enter and maintain employment. Examine the delivery system, population served, philosophies, governance and find major differences. Vast amounts of time and dollars have been consumed seeking methods of coordinating CETA and Vocational Education. Successful linkages between education and training agencies are results of actions by people, not by existing rules and regulations.

Serious consideration toward redesigning the structure of governance and funding has to take place. Consider first what is now in place. Governance of the majority of the training facilities is a local or district school board. Primary responsibility of individuals on the school boards is education. Secondary responsibilities include youth social activities, athletics, busing, lunches, etc. How many school boards accept the responsibility for activities related to employment and training? How high of a priority does the school board place on employment and training? These boards are the final say in the determination of use of the facility for training for cooperating agencies.

We must also consider the number of training agencies. At the Rutland Center, we have as many as fourteen agencies seeking use of the facility in a single year for training. Each agency deals with a specific population and separate sources of funds. School boards get confused with facility use requests or program operation requests.

Add the number of independent training programs operating in the community, the participant begins to get confused. According to the individual's target group identification, he may be shuttled through several agencies before training is made available. In many cases duplication of services results. My observations indicate duplication of effort is in direct proportion to the number of agencies in the community.

If employment opportunities is a priority of national concern, then a delivery system of services must be designed to carry the priorities to the local level. A system of both governance and funding be designed to guarantee priorities are met at the local level.

Linkage of various state and federal agencies need to take place before the approach to the local service provider. This will save in terms of time, duplication and confusion. Emphasis on the identification of a single physical place in a community for job training opportunities is imperative. A governance board mandated with its sole responsibiltiy of Vocational Education, Job Training Programs and the facility. Provide funding to maintain and operate on day-night year around schedule. This method of operation is in place in several regions of the country and should be investigated.

Advantages of such an operation is the scope of programs offered. In school and out of school population will be equally served. Turf problems will be minimized. Rules and regulations can be simplified.

Articulation of identification, assessment, training, O.J.T. and Employment will be enhanced. Start up time for special training programs could be greatly reduced. Response to industrial needs will be timely. Industrial developers could rely on new industry training programs. Major decision making would take place at the local level where the action is.

Careful consideration of employment and training structure on the state government level along with vocational education. A single state board for employment, training and vocational education should receive funding dollars and regulate programs. Economic development training and all job training should be responsible to a single state board. The design of the state structure could then insure a reliable route to pass National priorities to the local level.

## STATEMENT OF JAMES CARADONIO, DIRECTOR, CURRICULUM AND STAFF DEVELOPMENT, HUMPHREY OCCUPATIONAL RESOURCE CENTER, BOSTON PUBLIC SCHOOLS, ROXBURY, MASS.

Mr. **Caradonio**. My name is James Caradonio and presently I have the pleasure of working at a center named after Hubert H. Humphrey, and it is our pleasure to bring about many of the things that he fought for with Congressman Hawkins. I come to you as a veteran of the youth entitlement project in the city of Boston and currently in charge of a competency-based vocationalized educational facility in an urban neighborhood in which we service predominantly minority students in the city of Boston.

In an effort to be brief and to try to answer all the questions you sent me in the mail I am going to be so bold as to just give you a list of do's and don'ts. I usually do a better job than this. I cut everything by 15 percent the first time and 12 percent the second time, so there would have been more.

The do's are:

Do set clear goals and guidelines for a national employment and training policy.

Do target programs and funds to serve specific populations: youth, handicapped, limited English-speaking.

Do match proven procedures and products developed by CETA, LEA's, and private sector companies.

Do use Federal and State funds to leverage private sector funds.

Do support America's need to increase productivity and to retrain workers.

Do invest in the development of our youth, especially those in rural and urban poverty areas.

Do disseminate the good works that exist throughout the country in CETA-LEA collaboration and private/public sector initiatives.

Do require CETA programs to be competency-based with defined benchmarks. This will parallel vocational education curriculum development. I think unbeknownst to people we are both working on the same educational system now.

Do engage in creative funding with incentives set aside for those CETA-LEA programs which achieve high results through collaboration. Four years ago I would not be sitting here before you because the city of Boston in terms of the school department and in terms of CETA and manpower at that time were pretty analogous to Ali Baba and his Forty Thieves, and now we are like John Baiushi and his friends in Animal House. We are all in bed together having a helluva time. That was because it was bucks and we had to do it together or we would get nothing.

Gentlemen, we are very hungry. I do not come here to tell you the war stories. Dr. Shively will probably mention Proposition 2½ in Massachusetts. If you want us to stand on our heads we will stand on our heads to service our heads. It is a bad time and it is a good time. If there is money out there we are willing to do it.

Do support professional development networks between practitioners of employment and training programs. Not only has Henry Ford figured out a way to reinvent wheels, but we sure have but the youth practitioners out of Brandeis. It is amazing what I am trying to do and what other people are trying to do. We really save a lot of time and effort when we can exchange resources and information, be it between Boston and New York. A lot of my students are rural because they come up from the South, so a lot of the things that go on in the South are very applicable to what I do, but I need a network to access that information.

Do implement programs which involve both private and public sectors.

Do know that CETA and vocational education are working together.

I had more fun with the don'ts than with the do's, but here we go.

Don't think that the private sector can solve all our problems. If they had the answers, they would have marketed and sold them long ago.

Don't require the same benchmarks for youth and for adults.

Don't assume that the truly needy will be served without targeting. You can only get back results when you ask for them.

Don't think that little or nothing has been done in the past 5 years.

Don't make training programs an either/or enterprise: either the private sector or the public sector. There is plenty of work for all.

Please don't try to increase worker productivity by decreasing resources for training and retraining.

Don't pit young people against their parents for employment and training slots.

Don't continue to look for what works. Cite successful models and require their implementation according to local designs.

Don't think you are going to change us without some rewards and incentives.

Don't generate benchmark data; use all the competence-based materials already done by vocational ed., the military, and/or the Job Corps.

Don't expect staff to learn by osmosis. Act like big business and invest in staff training by sharing expertise and programs.

In conclusion, I thank you for the opportunity to be here to try to put the "T" back in CETA.

Mr. **Jeffords**. Thank you very much.

[Material submitted by of James Caradonio follows:]

## EXECUTIVE SUMMARY

### DO'S

Do set clear goals and guidelines for a national employment and training policy.

Do target programs and funds to serve specific populations: youth, handicapped, limited English-speaking.

Do match proven procedures and products developed by CETA, LEA's and private sector companies.

Do use Federal and State funds to leverage private sector funds.

Do support America's need to increase productivity and to retrain workers.

Do invest in the development of our youth, especially those in rural and urban poverty areas.

Do disseminate the good works that exist throughout the country in CETA-LEA collaboration and private/public sector initiatives.

Do require CETA programs to be Competency-based with defined "Benchmarks." This will parallel vocational education curriculum development.

Do engage in creative funding with incentives set aside for those CETA-LEA programs which achieve high results through collaboration.

Do support professional development networks between practitioners of employment and training programs.

Do implement programs which involve both private and public sectors.

Do know that CETA and vocational education are working together.

### DON'TS

Don't think that the private sector can solve all our problems. If they had the answers, they would have marketed and sold them long ago.

Don't require the same "benchmarks" for youth and for adults.

Don't assume that the "truly needy" will be served without targeting. You can only get back results when you ask for them.

Don't think that little or nothing has been done in the past five years.

Don't make training programs an either/or enterprise: either the private sector or the public sector. There is plenty of work for all.

Don't try to increase worker productivity by decreasing resources for training and retraining.

Don't pit young people against their parents for employment and training slots.

Don't continue to look for what works. Cite successful models and require their implementation according to local designs.

Don't think you are going to change us without some rewards and incentives.

Don't generate "benchmark" data; use all the competency-based materials already done by vocational ed., the military, and/or the Job Corps.

Don't expect staff to learn by osmosis. Act like big business and invest in staff training by sharing expertise and programs.

## PREPARED STATEMENT OF JAMES CARADONIO, DIRECTOR, CURRICULUM AND STAFF DEVELOPMENT, HUMPHREY OCCUPATIONAL RESOURCE CENTER, BOSTON PUBLIC SCHOOLS, ROXBURY, MASS.

### I. OBJECTIVE

To provide clear and direct answers to the questions posed by members of Congress regarding the employment and training programs conducted by CETA and Vocational Education.

This testimony will answer those questions posed by Congressman Jeffords and by Congressman Quayle. My viewpoint is that of a local administrator of a large vocational training facility located in an urban neighborhood.

### II. QUESTIONS FROM CONGRESSMAN JEFFORDS

1. Has Vocational Education been most effective in its current form?

Vocational Education procedures are proposed by the States and approved by the Federal government. Therefore, program effectiveness is judged on local needs. What works in Boston might not be necessary in Vermont, Iowa or East Los Angeles. One of the effective characteristics of vocational education is its planning around local issues and initiatives. If a local administrator has problems with vocational education, there is a responsive Advisory Council which can respond to and act upon requests and recommendations.

I am pleased with how the State of Massachusetts has allocated its vocational funds. Our funds are targeted to serve those students and citizens who have more complex needs: special needs and/or limited English-speaking students. Reimbursement formulas are weighted in favor of these groups; vocational programs approved by the State gain higher reimbursements than general education programs. Programs which serve special needs students receive the highest reimbursements (per pupil). Therefore, there is a built-in incentive to service those students who require more resources and staff.

Without Federal vocational funds, the Boston Public Schools would not have established bilingual vocational training programs. These bilingual programs were established eight years ago. At this time, all bilingual personnel (in our Center alone we have 16 approved bilingual vocational instructors) are paid for out of general funds. Vocational education grants no longer support our bilingual services. If you want to mainstream the students, then you must mainstream the staff. We have done this.

Without Federal funds, the Boston Public Schools would not have been able to provide vocational programs to special needs students: students with learning disabilities, severe emotional problems, genetic retardation. With Federal funds, these students who had been kept at home or locked up in institutions are now productive employees in the workforce. We enriched these vocational programs with CETA-YETP slots. As students learned in a specific vocational area, they also earned money as they worked in related jobs. For many of these special needs students, that first check signaled the dawn of a new day in the eyes of their parents and brothers and sisters.

Without Federal funds, our new Center would not have had the direct input from business and industry. Vocational funds provided the salary for a member of the Chamber of Commerce staff to organize a network of over 240 business, industry, labor, and community members who sit on our State-mandated craft committees.

Without Federal funds, some of the most innovative programs we run would still be sweet dreams in the R&D file. With Federal funds, we provide academically disadvantaged students with remedial math skills. We assess the learning styles of students in order to personalize instruction.

2. Do Federal dollars make a difference as they are currently used?

Yes. As stated above, the Federal dollars are the direct cause through which vocational education has expanded its delivery of services. We "keep on keeping on" through the funds provided by the Federal government.

The reduction in Federal funds will decrease our ability to keep up with employment trends in business and industry. Reduction in Federal funds will take away that competitive edge that business maintains through research and development, staff training, and program evaluation. We will naturally spend our dollars on "direct" services and will not be able to professionally administer our programs. Peter will be robbed in order to pay Paul.

We need to use funds to better leverage other funds—private foundations, private sector companies. We need to match funds. Yet, this becomes very sticky in dealing with the local, State, and Federal bureaucracy. At times, the economic procedures are more costly than the funds we try to leverage. At the local level, municipal and state officials have to entertain alternative methods of accounting for and activating funds.

3. How can the Employment and Training system best use/interface with the vocational education system?

Everyone says facilities; they are right. I have visited lots of vocational schools—beautiful. And the Skill Centers . . . in abandoned buildings, basements, and hanging on from year to year.

At the basis of the CETA-Vocational Education continuum is the debate over Coational training or vocational education. CETA favors the training: short-term skill building with the theoretical happening but not stressed. Folks are given fishes. Vocational education focuses on teaching how to fish. CETA can utilize more of the validated educational methods and materials developed in Vocational Education. CETA programs are hard pressed to provide staff with training. Some how staff, like students, are expected to learn by osmosis. There is little money for a professional approach. Often instructors are not approved/certified by any educational authority. This also greatly influences the quality of instruction.

It is most interesting how CETA is adopting the competency-based approach to learning. CETA refers to the competency-based system as "benchmarking." Call it what you may, vocational education, the military, and private industry have utilized this approach for decades. CETA does not have to invent. CETA has the luxury of adopting and adapting competency-based measures and procedures.

CETA is better than vocational education in the area of assessment. We need to do more of this. At the present time we are negotiating with our Prime Sponsor to replicate within our vocational center, the assessment services offered to adults and out-of-school youth. We have the necessary equipment. They have the experience and the know-how. We need the CETA expertise.

CETA operates through community-based organizations. This outreach is required in servicing the hard-to-employ. CBO's offer effective counseling and support which are essential for a successful transition into the world of work.

Vocational education needs to utilize more of the OJT and the TJTC programs. These programs are most resourceful in making sure that vocational students demonstrate competencies on the job.

4. Could the Vocational Education funding be used in a new integrated Employment and Training System?

I cringe to contemplate a "new" system. I also think it would be more balanced to investigate the corollary of this statement: Could the Employment and Training system funding be used in a new integrated Vocational Education system?

The problems inherent here are not those of CETA or Vocational Education. We are now in the enjoyable human endeavor of bureaucracy. How do we get a handle on bureaucracies? How do we bring about change?

Creating a "new," "intergrated" and better mouse trap is a distinct temptation. I do not see the money to do this. Furthermore, the folks who need the skills—both employee and employer—cannot afford the time for this new entity to gear up and become effective.

Indicate what works. Hold those programs up as models. Support the programs that work. Provide incentives to model programs. Support staff training and the interchange of methods and materials across cities, states, and regions.

### III. QUESTIONS FROM SENATOR QUAYLE

1. What are the best methods for carrying out the objectives of employment and training policy?

This is a local answer. From the Federal level, one can indicate models and recources. at the local level, we match resources with need. What is still missing is the feedback and re-evaluation. And I don't mean year-long evaluation studies. There are solid criteria which can meausre a program's effectiveness.

The private sector has been given a role they have not asked for. Private sector companies are unable to fill the gap left by the disappearance of CETA funding. The highest priority must be given to providing programs which train adults for skills needed in society. These skills are needed in both the private sector and the public sector. It is not an either/or. Public enterprises need computer programmers as much as ITT does.

CETA funds and vocational funds cannot be the sole support of a program. Through other financial and non-financial agreements, we need to piece programs together. As there is no one way to deliver vocational training, so there is no one "big bang" reality for program development and implementation.

Good management targets its markets and goes out after these markets. Good management of the employment and training system must do the same thing. If you want to increase employment amongst the most unemployed, then you must go after that market with those resources required to produce desired results.

2. Should particular groups in the labor force be the concern of employment policy?

Yes. If not, why have an employment policy at all?

Yes. Targeted groups should be identified. Different people have differeing needs. Secondly, how can you measure the effectiveness of your employment policy unless you posit "benchmarks" for the system which executes this policy. There should be a mix between "groups with the most difficult problems and those with whom sucdessful outcomes are more likely." People learn from each other.

Yes. Efforts should be concentrated on areas with significant employment problems. No longer can we afford affluent suburbs being puzzled over what to do with CETA funds bestowed upon the locality through formulas.

Yes. Particular groups have particular problems although most individuals share a commonality of interests. What has been learned over the past five years is that youth employment programs cannot be measured by the same standards that are used for adult training programs. When working with adolescents, it is just poor common sense to fault a student as a "non-positive termination" when that student was forced out of the program by family circumstances out of his/her control. Youth employment programs are developmental in nature. They help young people make the passages required along the road to adulthood and more final career decisions.

Youth are sufficiently different that distinct programs must be designed for them.

3. What should be the relationship of employment and training policies to income maintenance policies?

The emphasis must be on promoting economic independence. The income transfer mechanism is self-defeating.

4. What are the appropriate relationships between Federal, State and local governments in the funding, design, and administration of employment and training programs?

I can only ask that whatever is done at any of these levels there is provided some humanly possible timeliness in which to implement directives. There is an incredible impatience in employment and training programs. It almost seems at times that the CETA system would rather train robots than real people.

One of the largest areas for inefficiency in CETA and Vocational Collaborations is that the folks in charge seem to always change the rules and regulations. Just when a system or program is in place, we are once again off to the races with another brainstorm.

No matter how the systems are put together, they must be consistent and durable.

5. What is the appropriate role of the private sector in the design and implementation of employment and training policy?

First of all, has any one asked this of the private sector companies? Has anyone bothered to categorize the answers received?

I think that the private sector is being called upon to fill the vacuum created by the loss of programs and funds in the public sector. There are assumptions that jobs in the public sector are inherently inferior to those in the private sector. Skills and knowlege are skills and knowledge no matter where they are executed. A computer programmer for the Office of Management and Budget is still a computer programmer. Because a job is in the private sector, this is not to guarantee that this is not a "dead end" job.

The private sector responds best when they are involved in the entire planning of the employment and training system. The programs must meet the needs of the enterprise which is responsible to its stockholders to make a profit. If the employment and training package furthers the charter of the private sector company, then the company will participate in the project.

The bureaucratic pendulum swing is not the answer. Once again we are into the "either/or" syndrome—"either" the public sector "or" the private sector. The employment and training problem is too big for either to handle. Eliminating the public sector does not increase the private sector involvement. It appears to be quite poor planning to eliminate one service based upon one "invisible hand" which will (hopefully!!!) pitch in and offer resources.

Just as the private sector operates on the basis of incentives, so the public sector requires such incentives. Before the Youth Entitlement projects and the 22 percent set-aside under YETP, Prime Sponsor's and LEA's rarely spoke, let alone collaborated. With the incentives of additional revenues, radical changes happened. Boston is a prime example of the power of incentives. Yet in public funding, there are no "bonuses" for a job well done. There are few ways to enrich those who achieve goals and objectives.

Perhaps the middle road is required. The public sector is not elminated as much as it adopts and adapts those private sector practices which produce results.

Mr. **Jeffords**. Dr. Shively.

## STATEMENT OF HAROLD SHIVELY, PRESIDENT, BUNKER HILL COMMUNITY COLLEGE, BOSTON, MASS.

Mr. **Shively**. Thank you very much. I am the president of Bunker Hill Community College, and I am pleased to be here, Mr. Chairman and members of the committee. The trustees wanted me to convey to you the fact that they do not think we have a national training policy, that we have a proliferation of programs that are somewhat similar, that they are administered by various agencies including educational agencies. They are costing the taxpayer an enormous amount of money, and we are replicating to a great extent many of these programs. You have to understand that we come from a community college system where our people are of all conceivable economic and ethnic backgrounds, and age ranges in my institution from 17 to 73.

The community college system has 5 million students in credit programs and an additional 5 million students in short-term training programs, and 60 percent of all students nationally are in occupationally oriented programs.

I think that is pertinent to these hearings, and the fact that we do have some 30,000 occupational titles that we train for.

Most of our students are disadvantaged, and I think in a sense in my institution we have run CETA programs in cooperation with CETA, and I do not see any difference in the kinds of students we have.

We would recommend that there be developed a process for State identification of institutions or organizations capable of doing training. We think that it is about time we did that before we set up or continued parallel, because to utilize the kinds of institutions that are already in place would be less costly than developing new ones. We feel the Federal Government should assume some responsibility for the determination of the delivery of services, who should do the training.

We think the CETA side for postsecondary education should certainly be increased double to at least 30 percent, and most of that CETA side should go to student services and not management.

In summarizing my paper I just want to stress several points. We feel a more formalized process must be established to assure cooperation between manpower planners and training sources. Clarification of who will do what can reduce costs and make training programs more responsive and perhaps eliminate some of the redundancy.

Serious consideration should be given to our present resources before we design new ones in new agencies, and most community colleges are now training individuals who are now CETA-eligible.

I know that you were concerned about the chronic unemployed, and I can talk to you about two programs. One, the city of Chicago community college system has an excellent program that deals with this. Last year we had 800 of those individuals fulltime at our institution. They were screened by the welfare department and we are working with them this year. In about 2½ years we got them into the employment market and in jobs that pay well enough so that they are off welfare. I just point this out because there are various ways of working together to handle this problem.

We think that greater equity must be achieved in student financial aid programs to insure the disadvantaged working student an opportunity to go. That is one of the problems. They get penalized in this whole process.

Generally the State sole-agency concept is not working as well as it should be, and we think that needs to be looked at, and we would favor legislation to encourage the development of cooperation between business, industry, and these kind of agencies.

Thank you, sir.

[The prepared statement of Harold Shively foll[illegible]]

### Prepared Statement of Dr. Harold E. Shively, President, Bunker Hill Community College, Boston, Mass.

Mr. Chairman, members of the Subcommittee on Employment Opportunities, I am grateful that you have asked me to meet with you so that we might share concepts which I hope can lead to the formulation of an effective national policy for training and employment. I commend the House and Senate for initiating these regional hearings, for without them our concerns and aspirations for a more productive and economically stable nation would not materialize. I am also grateful that the Association of Community College Trustees was instrumental in bringing us together.

The most important impression I want to leave with you today is that we do not have a national policy for training and employment for our citizenry. There is a proliferation of similar programs, each with almost identical goals, administered by a variety of agencies, and costing the taxpayers enormous sums with questionable quantitative results. I do not feel that we can continue this endless process of replicating services and designing new programs each time we confirm that our manpower needs are not being met.

Because I represent a segment of public higher education which provides encouragement to individuals with every conceivable ethnic, age, education, handicap, training, and employment background, I view CETA and its predecessors as examples of expensive and redundant programming. Further, at a time when accountability is so vital, CETA programs:

1. Are not required to be regionally accredited unless a local college extends this courtesy and from our experiences, few CETA agencies request credentialing of their courses;
2. Are not directly under the supervision of state, regional, or national educational agencies. Apparently, they formulate their own rules without the advice or consent of established educational/training agencies. State governments have not permitted other independent education/training agencies to function in this manner since the early 1900's.

Can we continue to pay for layer upon layer of new redundant training programs, and allow construction and costly maintenance of training centers, when existing accredited educational institutions are now available and qualified to perform the same tasks for identical populations?

Let me acquaint you with our Community College system. The two-year colleges are now the largest segment of post-secondary education in the United States, and the early enrollment data for the present academic year also shows that we continue to be the fastest growing segment of college opportunity. It appears certain that the total number of citizens taking credit courses and degrees in two-year colleges this year will exceed five million, and the total number of people served by all two-year college courses now is roughy twice that number. This means that one out of every two citizens engaged in college work is attending a two-year college.

Most pertinent to these hearings is the fact that approximately 60 percent of the students now pursuing degrees in the community and technical colleges are in occupational programs. Some 30,000 different occupational course titles are now offered in the nation's community colleges. The typical student served by our colleges is a working adult, who had probably established a home and family, and is about 30 plus years of age. The age range at my College, for example, is 17 to 73 years.

Most of our students and students in many community colleges come from the world of work and are disadvantaged. What they are now looking for are career opportunities. Their youth, years of searching and experimentation, are largely behind them, and they are extering a community college to establish their mobility in the real world.

Increasing numbers of the courses students are now taking are "employer specific." By that, I mean that employers whose changing production requirements call for new skills and/or new personnel are working with our colleges to develop courses to meet these needs.

CETA, agencies for example, have not used our colleges to the broad advantage they might have been used in many states. A critical element missing in many CETA programs has been basic education to strengthen the skills of the participants so that they will be better qualified for initial and continuous employment. Many of those assisted by CETA will not be competitive in their jobs unless they have these basis skills. Adult education tailored to provide these skills is very much what community colleges are all about.

To further confuse the issues, we are seldom informed when new training programs are designed or introduced. Manpower needs are not coordinated, for we are unaware of how CETA agencies will function or what their program emphasis will be. When CETA agencies have enrolled their clients in our career programs as full-time students, we have found this relationship to be productive. CETA students accommodate well in our academic environment and maintain grade averages equal to our regular students. But this phase of CETA activity has never been extensively explored, for our relationship continues only until CETA agencies replicate our career programs for use in their own training center. One questions the economy of this replication.

Because we do not fully understand the intent and direction of many Federally funded manpower programs, and because we are so infrequently consulted before programs are designed and/or implemented, contracting with these agencies can be a most confusing and difficult process. The allowable overhead costs are so low that we generally lose money in allocating staff to the projects. When problems do occur, there are numerous regulations which make us responsible even when the contracting agency is at fault.

The situation under the Vocational Education Act is equally untenable. The 15 percent set-aside for post-secondary programs is now completely out of touch with reality. In Massachusetts only about 8 percent of the 15 percent set-aside is awarded to community colleges for direct student services. We would recommend that the present sole state agency approach be abolished in favor of the following: (a) there be developed a process for state identificaiton of institutions capable of offering a variety of training programs; (b) the Federal Government be responsible for determining the delivery system; (c) the set-aside for post-secondary education be increased to 30 percent; and (d) a majority of the set-aside funds be utilized for direct student services.

The trend in vocational enrollments has moved dramatically toward the postsecondary stage. It is a continuing shift which needs the support and encouragement of federal programs. There are many reasons for the shift, but two are perhaps dominant. Our students are taking more years to test their career options, and emerging technologies which now constitute a large portion of the job market requre more and more advanced training and career renewal. These needs are often best served by the convenience and flexibility a community college can provide.

In my judgment, even the student aid programs are not realistic. The "half cost" limitation on Pell Grants is a serious impediment to our disadvantaged community college students who are pursuing occupational programs. The vast majority of our students are commuting students, who are being severely penalized by the arbitrary $1,100 ceiling which the Department of Education has placed on the "costs of attendance" for commuting students, in the computation of Pell Grants. Despite a tripling of fuel and other commuting costs, this remains unchanged. We are confident that if you allow the community college students carrying at least half-time loads to obtain equitable Pell Grants, you will find that increasing numbers of them will become self-sustaining, long-term career workers.

What services can our community colleges provide in the development of a more effective national employment and training policy? The answer lies in the rapidly expanding use that private industry and community agencies are making of community colleges to cope with changing technology and to serve "employer specific" needs. This is graphic evidence that we are a comprehensive delivery system which is already in place and prepared to function at a much more productive level.

While we do not suggest that we have programs to serve every need, our effectiveness in serving community and employer needs at a lower per capita cost than many other segments of education clearly indicates the contribution we could make to insure that federal programs be more effective. In summary, I would stress several points:

1. A more formalized process must be established to assure cooperation between manpower planners and training sources. Clarification of who will do what can reduce costs, make training programs more responsive, and reduce redundancy.
2. Serious consideration must be given to our present resources before we design new agencies. Most community colleges are now training individuals who are CETA eligible. I question the need for the formation of new training agencies when many educational districts throughout the country have surplus buildings and qualified teachers available. With the extensive experience community colleges have had in training minorities and the disadvantaged, we could put these teachers and facilities to excellent use at a fraction of the costs associated with our present manpower training systems.
3. Greater equity must be achieved in student financial aid programs to ensure that disadvantaged working students who have jobs off campus and who commute to school are fairly treated in Pell Grants and all other aid programs.
4. The "sole state agency" concept does not work. Community colleges are not provided with enough of the set-aside to deliver needed student services. Incentives should be made to encourage industry and community colleges to plan and develop joint programs that meet manpower needs and foster community development.
5. Legislation should be encouraged to develop cooperation between education, business, industry, and job market opportunities. Such legislation could use as a model the local boards which govern community colleges. Our colleges are unique in that their boards are composed of members who are community statesmen, who are broadly representative of business, industry, and the taxpaying public.

Time is short. The gap between economic development and the availability of a well trained labor force is increasing. That labor force must be knowledgeable of the reality that their working years may require many changes in career options as the economy develops.

The Department of Labor and Education might be well advised, with encouragement from your Committees, to form a joint National Task Force to make a comprehensive analysis of what colleges and industry are doing on a local basis to increase employment and employability. More concrete recommendations could then be made to Congress to shape an equitable and effective national policy. I would encourage you to plan and implement this Task Force now, for we are at a critical stage in the economic development of this country, and action is required.

Mr. JEFFORDS. Thank you very much.

Mr. Chairman, I realize your time is short.

Mr. HAWKINS. Not only short, but I think it has arrived. Mr. Weiss and I both have to go, for which we apologize. I think this, along with all of the others, has been an excellent panel.

Mr. Chairman, I would like to commend you on what I think has been perhaps one of the most productive and rewarding hearings that we have ever had in this subcommittee. I think the witnesses have been excellent. They have given us a tremendous number of challenges and new ideas, and I think overall you are to be commended and all of those who testified in the region are to be commended. We certainly regret that we must leave, but I know you will carry on.

Mr. JEFFORDS. Yes; before you leave, Mr. Chairman, I feel I owe you something. I have used some misrepresentation to get the panel here. I told them there would be lots of leaves on the trees and the sun would be shining, and they would see the fall foliage if they came to Vermont. Obviously we postponed the foliage, and all they have seen so far is the fog. I hope it is a little clearer out there now.

First, Mrs. Hawkins was going to come with you, so I would like to present this for you to take back to the Missus. Please express my deep apologies that we had to postpone the original hearings. Also, to sweeten you up a little bit and for the fact that you did not get to see much of Vermont, I would like you to take a little bit of Vermont back with you, this maple syrup.

Mr. **Hawkins**. Fine. This is for Mrs. Hawkins and this is for Mr. Hawkins.

Mr. **Jeffords**. Ted, I would like to present you with a little bit of Vermont to take back with you as well. Mr. Hawkins is from Los Angeles. He expected to see Vermont in its splendor.

Mr. **Hawkins**. Thank you very much. This is very lovely.

Mr. **Weiss**. Thank you. It has been an excellent hearing.

Mr. **Jeffords**. I want to thank you for some super testimony and for isolating the issues as well. It gets down to the point where we are right now. As has been pointed out by a number of you on the panel, what I am trying to do and what I know the committee is trying to do is not just look at CETA in isolation. If we are cut down the amount of money we have, we are going to have, to take a look at every program that we have; take an inventory of our assets, both capital and personnel; analyze what programs have been successful and those that have not; learn what we can; prioritize where we have to put our resources; and then determine just what to introduce as legislation. As far as structures go we have to wash everything off and see what we should do and take a look at those resources that we have.

I think those are the points that all of you have been making. I am very interested in the kind of comments you made on how to try and restructure CETA and how to maximize the use of our resources. Again, with that kind of a start, not asking you to reemphasize what you have done, but to try to give us what we should do or how we should really fold in vocational education. I would appreciate some more comments in that area.

Yes, sir.

Mr. **Kelley**. Jim, as you know, the money coming to us from a Federal level is almost exclusively categorical. The money coming to us through the State legislature for adults is categorical. I do not have a great problem with that, because I think that the people responsible for the various categorical programs have been selected because they probably are best in tune with the needs of the particular population that they are trying to serve. In a rural State such as ours, and I suspect in other States as well, the problem as I see it is that the highly categorical programs do not have an extensive sound ongoing program of vocational education to which they can attach their various programs and activities.

Again, as you get into rural States, a particular target population may not have enough clients who have a similarity of need to warrant mounting a program for that specific subgroup.

On the other hand, it would make much greater sense to make it possible for them to buy into training on a sort of service-type formula or basis, either hours of instruction, seat time, a piece of a class or what have you. Perhaps CETA-type individuals can be served that way, without vocational rehabilitation or apprenticeship training types of people, and when you look at their needs collectively you can then operate a cost-effective delivery system.

So, at least for Vermont, the Department of Education is looking at the possibility of dividing a State into five major regions, adopting many of the notions that are basic to the skills center delivery system, assessment, individualized employment plan, open entry, open exit, competency-based instruction, and we think we can do it looking at larger regions in the State and by bringing together the needs of all the various constituencies within the region.

Thank you.

Mr. **JEFFORDS**. Kevin.

Mr. **KENNEDY**. I would like to underscore that. In dealing with CETA programs in the past especially in a classroom training kind of emphasis or the title II-D training emphasis, it is hard in a rural area to get a group of people together that are in need of the same skills, and that makes it very difficult to have a cost-effective program that can be packaged. And there was a lot of emphasis toward not involving other people. If it is a CETA-funded project then only CETA-eligible people could be involved with it. And even when you could demonstrate that it could be much more cost-effective, maybe vocational education if that were involved, maybe private individuals who might be unemployed but interested in this training but not eligible for CETA could buy into it, tying all that together it would make a very cost-effective kind of program. Whether one particular program is sponsored by a vocational school or by a community college or by a CETA organization it really did not matter. It was a matter of identifying labor-market needs, packaging a program that met those needs, establishing it in an appropriate location, provide that kind of training, and when that need was met then go on to something else. But it could be a pooled effort without people that are involved in handicapped programs saying only handicapped people can be involved with this, or only CETA people, or only vocational students under grade 12 could be involved. I think that kind of emphasis has to be given.

Mr. **JEFFORDS**. Thank you.

James.

Mr. **CARADONIO**. I think the first thing is in terms of planning. The funding cycles are out of whack. If a municipality or a school board would like to do some more work with CETA or whatever you cannot plan because the money comes in a fiscal year starting in October and you are running on a thing that goes from September to June or September to May. There are some real problems. I am facing it right now. I do not have the CETA side yet for YETP for all the reasons that you know, so something should be done to put the funding cycles into cohesion on the educational side.

Another thing up front is that there should be some type of ceiling, I think, in terms of diminishing resources. There should be some type of financing on amount of money that you can spend on equipment. You can only spend 20 percent of CETA money on administration, and then you can go to your regional office to get that waived or whatever. But this might, in a sense, when someone wants to start a program might force them to start hunting around to see where people can rent our facilities or use our facilities instead of going out and buying some very, very expensive equipment, especially in terms of some of the stuff that Secretary Kariotis mentioned. It is amazing. My testimony was printed on a Digital word processer that costs $65,000 a year. Thank goodness it was donated by Digital.

Mr. **Jeffords**. I am glad you added that.

Mr. **Caradonio**. I cannot see adding a word processing program for $65,000. That knocks your funds right out.

I think you have to massage municipalities. You mentioned a good point with school boards. They have to be taken to dinner or wined and dined and say, "Hey, we expect you to take part in this." We are always beating up the private sector. Maybe we have to get the local school boards to say maybe we cannot afford adult education facilities but maybe they can use our facilities and the good guys and gals will vote for us. But in terms of municipal structures of governance and outdated viewpoints in northeastern cities in terms of accountants and whatever they make is very hard for cash flow. The spirit indeed is willing, but the ledgers are weak, so to speak.

I think another part of it as was mentioned many times before is the whole overall picture, and I am an advocate of a competency-based system which, again, can meet the needs of anyone, even a gentleman who is a machinist who has doubts about that. It is proven. It is documented, and I am very happy to see that CETA is going toward a competency-based system, but why does CETA not call it competency-based and why does not vocational education call it competency-based, because once again we have CETA people talking about benchmarks and vocational people talking about competencies, and we are starting off confused again. We are talking apples and oranges. Let us name it at least the same thing and make a commitment to this type of thing, and then we will serve a common vocabulary. The way it is set up now it is built in that we are talking apples and oranges again. We have a real tool there to train everybody.

Mr. **Shively**. I think we have to keep in mind that as technology changes, and it changes so rapidly that we are all going to be doing several kinds of jobs in our lifetime, maybe we are being too specific in specific kinds of courses. I think one of the problems we run into is even though we can do a specific training without these individuals having basic skills which again is a very limiting kind of thing.

Another example in a manning area, I know that in our institution we prepared an equipment list for a neighboring CETA organization to set up their own training program, and it came to about $4½ million which pretty much duplicated what we have. Now they are running out of money, and the equipment is there and the programs are not. I just hope that whatever kind of legislation you come up with that is going to mandate some kind of cooperation, and I reiterate what Jim says. I would like to see more of that money go toward supporting the students.

Mr. **Jeffords**. Lou.

Mr. **Salebra**. CETA and vocational education and many of the other agencies, the WIN program are all designed to put people to work, entry-level-type skills. We operate a good share of those. We have not used 1 cent of any other agency money for upgrading. We have had 100-percent participation in local industry; when we want to upgrade people we would run a program. The school system donates the inkind use of the facility, and the industry pays the instruction and the materials. This has been going on for 40 years. This did not start last year. That is a thing that we have built in our community, and it should continue. The entry level is where the emphasis should be placed. What I have concerns with is the competition and the duplication within training the people for entry-level skills, and it is a tremendous amount of money. If the projections hold true where vocational education may take another $200 million cut, CETA sure had their woes and all the other agencies, it is almost indicative that we have to combine forces and to eliminate as much duplication and the confusion to the participant of where do I go. This is even more so. They walk into my office and ask a particular question, where do I go to get this, and I need a directory to find out what label I am supposed to put on it before I send them. This is getting to be very confusing, where it would be more reasonable for the community to have a central intake system for all programs. They could all operate out of the same thing. I am not advocating getting rid of all the particular target groups. What I am saying is let us put them in one place, so to speak, and have the training available in one place, and then the job search available from one place, and not everybody stepping over each other looking for clients and participants because that is what is really happening.

Mr. JEFFORDS. Was Vermont really moving toward that in the consolidation that we have?

James, I wonder if you could tell me whether you would like to see that in a State like Massachusetts, where you have the urban city, Boston, versus the rest of Massachusetts type of situation? That is probably overdramatizing it, but how would you accomplish that if you wanted to accomplish it, looking at it from the Federal level?

Mr. CARADONIO. I think the same reason, because of the shrinking resources it is moving. Of course it is very political. I think what we are trying to do at our center, in terms of a centralized place, is to, No. 1, set up our own assessment based on the CETA mold. We are going to the prime sponsor and saying you have an excellent assessment center, we want you to use our center, so that if you refer someone to us of the same format and same information, if we have someone who comes in out of school, youth and adult, we will have the same system. So we are really trying to mesh a good system in the city as regards the whole problem of intake and assessment.

It is very confusing to me as well, that I really think overall that the buck has to stop someplace. The legislation has to say that this organization or this community-based group or this board, or whatever the entity is, will in essence make the decisions on where the funds will go, and that will be based on the data that is available on the needs for training, et cetera. Again it is not happening right now. It is even more so now with the funds. It is a scramble. Agencies are trying to stay alive, schools and everyone else. What the structure is I do not know. I think there has to be one, and then it has to be supported. I think legislation says, well, there is a structure, go ahead. It never builds in a mechanism for support. Big business does that. No matter what they start, they always support it. They always have money built in for budgeting and training for whatever their coordinating agency is. If you say in a CETA program you want to spend money on training the staff, that comes out of here or comes out of here. That is administrative money. You were not over your budget. You cannot do that. I think it has to be given credence to the fact that people need training to implement this new coordinating function, whatever it is, but that there definitely has to be one with representation from vocational education and representation from CETA and the community colleges at the local training institutions. Right now there are no boards that way. They are very advisory. They meet once a year. They do not mean anything. They are paper tigers.

Mr. **Jeffords**. How would you mandate the creation? Should we do it at the Federal level? Should you allow State to do it, or would that be a bad thing in a situation where you have a large city versus a State as far as approval of that kind of mechanism?

Mr. **Caradonio**. I think the way Massachusetts works right now, especially in vocational education, and I know the criticism is that voc ed never serviced inner city people, but our formulas are weighted, to answer your question. I would be comfortable with the State doing something. I know other people would not in urban areas because our formulas are weighted. We get, as you mentioned, special-needs students before learning-disabled. We get four times per capita for servicing a learning-disabled student in Massachusetts. We get 1.2 for disadvantaged, 1.4 for bilingual, 2 per capita for vocational rehab student. So it says you are going to get reimbursement back, so there is an incentive. With a mind-set like that coming with a State I would feel comfortable with working with that State, which 70 percent of the 4942 funds in the State went to Boston because we had the highest number of disadvantaged, handicapped, limited-English-speaking ability in the State. So yes, I would say that, because it is a good deal for us. I do not know what it is in other States, but I do not see those safeguards built into other areas in other States. I would be comfortable with that. We get our fair share in terms of our need from the State.

Mr. **Jeffords**. Larry?

Mr. **DeNardis**. Just one question of Dr. Shively. Does your school participate in the Bay State Skills Corp.?

Mr. **Shively**. We did last year. We did not submit a proposal this year. Because of funding, our administrative staff was down and they just created all kinds of problems on campus with unusual kinds of requests for information from both us and the company, and it just does not seem like it was worth our time and effort this year.

I think the concept is good and I think maybe after they have been through it 2 or 3 years and we let the institutions and the companies work it out they probably will come along. But to answer your question, we did last year and we are not this year.

Mr. **DeNardis**. If I read your testimony properly, item No. 5 sounds like that.

Mr. **Shively**. Well, we have programs with about a dozen companies where we both provide the training for entering employees and the upgrading within the company. We have three companies. We have full-time faculty right in their plants and their territory doing that upgrading, which in turn opens up the other end of the entry level, which we do some of that training, so does Jim, and so does everybody else in Boston.

Mr. JEFFORDS. Thank you very much. And thank you again. It is a tremendous help to us, and I do appreciate it. We will now recess until 2:30.

[Whereupon, at 2 p.m., the subcommittee recessed, to reconvene at 2:30 p.m., the same day.]

[AFTERNOON SESSION]

Mr. JEFFORDS. The Subcommittee on Employment Opportunities will come to order. The first witness is Ray Brown.

## STATEMENT OF RAY BROWN, DIRECTOR, NORTHLANDS JOB CORPS, VERGENNES, VT.

Mr. BROWN. Thank you, Mr. Jeffords.

This testimony is prepared for the Subcommittee on Employment Opportunities. Mr. Jeffords and Mr. DeNardis, thank you very much for this opportunity to speak. I am Ray Brown, the center director of the Northlands Job Corps Center.

The Job Corps is a national program to help jobless or low-income youth, ages 16 to 21, become responsible, productive citizens. The Job Corps was made possible by the Economic Opportunity Act of 1964, and is now administered through the U.S. Department of Labor, Employment and Training Administration.

The Job Corps is a cornerstone of our Nation's employment and training effort, providing economically disadvantaged youth with intensive services aimed at significantly improving their employment and earning powers. It is a program that works. With 17 years of operations, the Job Corps has become increasingly effective, and there is convincing evidence of its favorable impact on youth.

The Job Corps offers a wide range of services, combining basic education and vocational training with other activities such as counseling [group and individual] and recreation. Job Corps centers are residential, providing comfortable living quarters, nutritional meals, and health services. Some centers provide a nonresidential component.

Many Job Corps enrollees have not seen a doctor or dentist recently and some never—thus, comprehensive medical services is a critical need. Most youth who enter Job Corps are high school dropouts. Many jobs require a high school diploma or its equivalent. Job Corps extends that opportunity by providing the information, materials, and general knowledge through its instructional staff to complete the GED test.

The Northlands Job Corps Center is one of 12 centers operated for the U.S. Department of Labor by the Singer Co. Northlands began operations in December 1978 and received its first input of enrollees June 5, 1979. The center population consists of youth primarily from Vermont, Maine, and New Hampshire, with a contracted capacity of 280 (160 male, 120 female).

Approximately 45 percent of Northland's present population is from a single-parent home, and many are on public assistance.

The center offers the following vocational skills: auto body, auto mechanics, small engines repair, machine trades, welding, facilities/maintenance construction, culinary arts, business skills, cosmetology, and health occupations.

During fiscal year 1981, 118 youth received their GED.

The placement rate for Northlands is 92 percent of the fiscal year just ended—September 30, 1981.

The Northlands center is located in Vergennes, Vt., on approximately 50 acres. The site consists of nine dormitories (five male, four female), cafeteria, gym, swimming pool, educational and vocational buildings, assembly hall, and center maintenance and supply buildings.

The new enrollees go through an approximate 3-week orientation period consisting of meeting with key staff, testing, and vocational evaluation. Upon entering the mainstream, the average class day consists of three periods in academic training and three periods in vocational training. Leisure-time activities include use of the gym, arts and crafts, off-center activities such as bowling and rollerskating. Seasonal activities include softball, soccer, cross-country skiing, and ice skating.

Since our population consists of New England youth, many go home on weekends.

The National Council on Employment Policy—a private, nonprofit organization—recently completed a study on CETA programs. Several quotes from that report are:

> A dollar spent on Job Corps returned about $1.39 to society.
>
> The Job Corps is a honed and refined system.
>
> It is a model of comprehensive treatment, providing a complete spectrum of opportunity ranging from special learning aid for the disabled, all the way to college options for corpsmembers.

Their complete report is submitted with the testimony for your review.

A quote from Mr. Ray Donovan, Secretary of Labor, appeared in the Manpower and Vocational Education Weekly, October 1, 1981.

Speaking before a group at the National Job Corps Competition/Expo, Mr. Donovan said, "The simple truth is that Job Corps works and it works well. Job Corps works because it draws on the expertise of many parts of our society, such as labor, business, and government."

A report prepared by Mathematics Research, Inc. quotes, and this is part of the document, the following:

> Projecting the benefits into the future, the evaluation estimates that the long-term dollar benefits to society from the Job Corps program are greater than the program's costs, so that the program is economically efficient.

Our benchmark estimate is that the value of benefits in the fiscal year 1977 exceeded costs by almost $2,300 per corpsmember. Furthermore, the program is found to be economically efficient under a wide range of alternative assumptions and estimates. Because over 44,000 youths enrolled in Job Corps in fiscal year 1977, our benchmark estimate of the net social benefit for the entire program is approximately $90 million for that year.

In response to "why do we have employment and training policies" I reference employment projections in 1985. Information on current and future employment and training requirements is essential for planning and developing educational training programs to meet future needs. Total employment is expected to increase by about 19 percent between 1976 and 1985. The largest growth rates are expected in clerical and services occupations. With expected increases in employment, training our youth to fill these needs is critical. Job Corps provides that training.

Job Corps through the years has provided thousands of youth with an opportunity they may not have otherwise had. With over 100 centers and approximately 44,000 youth enrolled nationally, the continuation of this worthwhile program should be a prime concern of all Americans.

Respectfully submitted, Raymond T. Brown, Job Corps.

Mr. **HAWKINS.** Thank you very much, Ray.

[Material submitted by Ray Brown follows:]

### PREPARED STATEMENT OF RAYMOND T. BROWN, CENTER DIRECTOR, NORTHLANDS JOB CORPS CENTER, VERGENNES, VT.

Thank you Mr. Chairman, Mr. Jeffords, Mr. DeNardis and Mr. Weiss for this opportunity to speak.

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"A dollar spent on Job Corps returned about $1.39 to society."

"The Job Corps is a honed and refined system."

"It is a model of comprehensive treatment, providing a complete spectrum of opportunity ranging from special learning aid for the disabled, all the way to college options for corpsmembers."

Their complete report is submitted for your review.

A quote from Mr. Ray Donovan, Secretary of Labor, appeared in the Manpower and Vocational Education Weekly October 1, 1981.

Speaking before a group at the National Job Corps Competition/Expo, Mr. Donovan said "The simple truth is that Job Corps works and it works well. Job Corps works because it draws on the expertise of many parts of our society, such as labor, business and government."

A report prepared by Mathematics Research, Inc.[1] quotes the following:

"Projecting the benefits into the future, the evaluation estimates that the long-term dollar benefits to society from the Job Corps Program are greater than the Programs' costs, so that the Program is 'economically efficient'".

Our benchmark estimate is that the value of benefits in the fiscal year 1977 exceeded costs by almost $2,300 per corpsmember. Furthermore, the program is found to be economically efficient under a wide range of alternative assumptions and estimates. Because over 40,000 youths enrolled in Job Corps in fiscal year 1977, our benchmark estimate of the net social benefit for the entire program is approximately $90 million for that year.

In response to "why do we have Employment and Training policies".

I reference Employment Projections to 1985.[2] Information on current and future employment and training requirements is essential for planning and developing educational training programs to meet future needs. Total employment is expected to increase by about 19 percent between 1976 and 1985. The largest growth rates are expected in clerical and services occupations. With expected increases in employment—training our youth to fill these needs is critical. Job Corps provides that training.

Job Corps through the years has provided thousands of youth with an opportunity they may not have otherwise had. With over 100 Centers and approximately 44,000 youths enrolled nationally, the continuation of this worthwhile program should be a prime concern of all Americans.

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## CETA'S RESULTS AND THEIR IMPLICATIONS; A POLICY STATEMENT BY THE NATIONAL COUNCIL ON EMPLOYMENT POLICY, SEPTEMBER 1981

The Comprehensive Employment and Training Act (CETA) faces expiration September 30, 1982. In anticipation of the required reconsideration, it is timely to begin a review of the CETA experience since 1974, as well as the relevant experience of employment and training programs that preceded CETA. The critical issues are (1) what have been CETA's results? (2) what have been its problems? and (3) what are the implications for continuation and modification?

CETA is both a package of alternative employment and training services and a system for the delivery of those services. Both must be examined in pursuit of answers to the three queries.

### THE RESULTS

The ultimate goal of CETA's employment and training services is to improve the employment and earnings of an economically disadvantaged clientele (Table I). For most of those services, results can be measured by the earnings and employment gains of participants compared to those of similar nonprogram participants. Some services have other objectives or results not directly and measurably related to employment and earnings. For those, other measures of results must be derived.

Evaluative data are limited but consistent in their findings. From the sources described in the methodological appendix, the evidence (Table II) indicates that almost all of the major CETA components were a good investment for society.

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[1] "Evaluation of the Economic Impact of the Job Corps Program". Second follow-up report—April 1989.

[2] Vermont Department of Employment Security Research and Statistics Section. "Vermont Employment Projections to 1985".

**Every dollar invested in on-the-job (OJT) training returned $2.23 in social benefits.**

**A dollar spent on Job Corps returned about $1.39 to society.**

**Every dollar spent on classroom training returned $1.14 to society.**

**Participants in public service employment in 1976 earned roughly $290 more then the comparison group individuals in 1977 and 1978.**

**Enrollees in work experience unadorned by other training activities had, on the average, no higher or lower post-participation gains than their comparison groups.**

**Cost-benefit analysis and other statistical evaluation methods are, of course, not an exact science. But the direction of these findings is consistent with a wide range of assumptions. The present value of returns to the taxpayers tended to be less than costs primarily because stipends and wages constituted a neutral transfer payment to society but were a budgetary cost to the taxpayer. This fact may help explain why taxpayers appear restive about what appears to be a productive social investment.**

The National Council on Employment Policy is a private nonprofit organization of academicians and policy experts with a special interest and expertise in the area of employment and training. This policy statement represents the combined judgment of the Council members. Despite divergence of opinion on details, the members agreed to a unanimous statement.

Garth L. Mangum, Chairman, University of Utah; Sar A. Levitan, Chairman, Executive Committee, The George Washington University; Bernard E. Anderson, The Rockefeller Foundation; Michael E. Borus, The Ohio State University; Vernon M. Briggs, Cornell University; Rupert N. Evans, University of Illinois; Leonard J. Hausman, Brandeis University; Charles C. Killingsworth, Michigan State University; S. M. Miller, Boston University; Richard P. Nathan, Princeton University; Marion W. Pines, Baltimore Metropolitan Manpower Consortium; Michael J. Piore, Massachusetts Institute of Technology; R. Thayne Robson, University of Utah; Howard Rosen, American University; Robert Taggart, Youth Knowledge Development Project; Michael L. Wachter, University of Pennsylvania; and Richard S. Belous, Executive Director.

Table I.—CETA COMPONENT ENROLLMENTS AND COSTS 1980

| Component | Enrollment | Cost per service year | Cost per participant |
|---|---|---|---|
| On-the-job training | 181,000 | $6,088 | $2,080 |
| Job Corps | 95,000 | 13,193 | 5,827 |
| Classroom training | 750,000 | 8,046 | 3,554 |
| Public service employment | 870,000 | 9,030 | 3,702 |
| Work experience | 400,000 | 5,311 | 1,641 |
| Summer youth employment | 705,000 | NA | NA |
| Other youth programs | 330,000 | NA | NA |

Source U.S. Department of Labor, Employment and Training Administration

Table II.—CETA COMPONENT OUTCOMES

| Component | Earnings increase over comparison groups (1976 enrollees) [1] | | | Benefit-cost ratio [1] | |
|---|---|---|---|---|---|
| | 1977 | 1978 | Percent change in 1977 over comparison groups | Social | Taxpayer |
| On-the-job training | $839 | $574 | 18 | 2.28 | .72 |
| Job Corps | [2] 209 | [2] 487 | 8 | 1.39 | .91 |
| Classroom training | 347 | 442 | 10 | 1.14 | .60 |
| Public service employment | 261 | 326 | 7 | [3] NA | [3] NA |
| Work experience | −147 | −187 | −4 | .50 | .50 |

[1] For the data sources, assumptions used, and a discussion of the methology, see appendix.

[2] Job Corps data for 1978–79 followup of 1977 enrollees.

[3] Not calculable because of uncertanties of value of work accomplished.

The CETA components for which earning increases are not directly measurable and benefit-cost ratios are not calculable fit into three categories: (1) nonoccupational training, (2) youth school retention and work transition programs, and (3) pilot projects not large enough to be generalizable. But even for these, indicators of success or failure can be drived.

The Summer Youth Employment Program reduced arrest rates from 3.2 percent to 1.5 percent and failure to return to school from 9.4 to 6.1 percent.

The Youth Incentive Entitlement Program, which provided guaranteed employment in return for a pledge to return to, or stay in, school, raised retention rates from 76 percent to 80 percent and increased the rate of return to school by dropouts from 22 percent to 36 percent.

The Supported Work program improved the employment and earnings experience of AFDC recipients and ex-offenders but not youth and addicts.

Participation in 12 week adult basic education programs in specific instances raised reading and math skills one to 1.5 years, and attainment of general education development (GED) certificates improved placement chances by 8 percent and earnings by 13 percent.

English as a second language was effective at opening the labor market to refugees and other immigrants at low cost.

Job search training programs at costs ranging from $200 to $1,000 per participant improved job finding success by 25 to 50 percent.

The Career Intern program which raised high school completion rates by 50 percent and employment probabilities by one-third may be representative of alternative school programs funded by CETA.

## STRENGTHS AND WEAKNESSES

CETA's problems must be divided between those that relate to its service components and those that emerge from the delivery system.

### *Service components*

The major focus of CETA system has been on the build up, management, and precipitous dismantling of a major public service employment program. As a result, in most cases, there has been little attention given to innovation in training models. Even though the results remain positive, one would have hoped for significant improvements under local stewardship. Yet some of the old problems remain, and new ones have emerged.

1. CETA has not generated new training institutions. Instead, it has utilized skill centers established in the 1960s and some mainstream vocational and proprietary schools. While the latter may offer quality training, they often lack the experience, rapport, and supportive services to deal with a disadvantaged population. The CETA eligible population must be screened for them. Specialized skill centers were created under the Manpower Development and Training Administration in the 1960s to serve that population, and many still exist. Their staffs are dedicated, but their facilities and equipment often have been allowed to deteriorate. There is increased use of community-based organizations as training organizations. They tend to do well in remedial education and English as a second language, but, with some notable exceptions, lack the experience and facilities for quality occupational training.

2. Just as in the period before CETA, there are far more eligible individuals than there are funds to serve them. The federal pressure it to keep per participant costs low and to insure immediate placement. These objectives are accomplished by stressing short-term training averaging less than half a year for high turnover occupations for which a disadvantaged person can be prepared at the entry level in a short time. But longer training pays off although not necessarily in immediate placement rates. Long term follow-up data demonstrate a positive relationship between training, duration and future earnings. For instance, those trained for between 11 and 20 weeks earned an average of $269 more per year than comparison groups in the two years following participation; those with 20 to 40 weeks of training earned $724 more; and those few trained beyond 40 weeks gained $1,487 per year.

3. Some people seem to enroll in CETA programs in order to receive the training allowance. In fiscal 1980, 30 percent of the funds expended for CETA's Title IIBC training programs were used for allowances. Even 14 and 15 year olds receive the minimum wage for the hours of participation. As a result, some participants receive higher take-home pay during training than before and after placement. While few would begrudge this in-program income, there is concern for the distorted incentive affects and for applicants who are not admitted to training because funds are

inadequate. Training programs should place less emphasis on income support and more on actual training. The evidence indicates that few people would be unable to enter these programs if a reasonable shift in funds was made in the direction of a higher percentage going to actual training and less to allowances.

4. On-the-job training remains the highest payoff component, yet less than 10 percent of CETA participants are enrolled in it. Employers are reluctant to participate for a subsidy of 50 percent of wages for an average of 4.1 months of training. If they can be persuaded to participate, they tend to insist on very restrictive screening.

5. Job Corps is a honed and refined system which has learned and profited from past criticism. It is centrally funded by an experienced staff but decentrally operated by private and public contractors. It has a common curriculum and staff development program and a feedback system that allows each center to learn from the experience of all others. It also has had the funding to invest in computer-assisted and computer-managed instruction and other training innovations. It deals with the most disadvantaged of youth, but its residential setting makes it possible to confront their personal as well as occupational needs. Mobility, which exposes youth to other labor markets, also in important. The Job Corps' most serious weaknesses are its inability to retain more than one-third of the enrollees and the lack of placement assistance.

6. Work experience, in most settings, provides income and involvement in rudimentary work activities but seems to do nothing to increase employability. However, a few prime sponsors have imaginatively linked work experience with classroom and on-the-job training and impressive results. Also work experience for in-school youth is a proven approach to increase school retention and reduce crime, even if there are no positive employment and income results.

7. Public service employment, as practiced prior to the 1978 CETA amendments, seems to have served in part as on-the-job training in the public sector. PSE participants who went on to regular jobs in public agencies accounted for most of the estimated earnings gains. However, the 1978 amendments focused PSE on a more disadvantaged population and fostered a work crew approach which is more like work experience than like OJT. No information is currently available to determine whether or not earlier income gains have persisted along with the other benefits produced by this targeted approach.

8. Remedial basic education and English as a second language (ESL) are essential to those who lack them, but they meet the full needs of only those who are otherwise employable. Therefore, except in areas with a large number of immigrants with substantial previous work experience, remedial education and ESL are more appropriately perceived as supportive components to occupational skill training.

9. Job search training, on the other hand, appears to be useful in the short run to job seekers at every level of the labor market. What is lacking is knowledge of whether these investments pay off over the long run. How much of these job seeking skills are retained by CETA clients over the course of time?

10. There are a variety of alternative schools and school-to-work transition srvices which appear promising but need further refinement and experience before wholesale adoption.

11. For all CETA components, the more highly disadvantaged, in general, make the greatest gains. These gains tend to be achieved, not from higher wages than those of comparison groups, but from increased labor force participation and more stable employment. These programs probably provide a new access route into the labor market, but little training is provided for more than entry level jobs. Given the economic and demographic realities of the 1960s and 1970s, there may have been some justification for this. But in the 1980s, access beyond the entry level will be increasingly required to help both CETA clients and employers who will face a different set of demographic and economic forces.

## THE DELIVERY SYSTEM

Experience seems to support the general decentralized and decategorized approach that underlies the CETA delivery system. However, a number of weaknesses deserve attention.

1. Few of the federal staff at the national and regional level have had experience at the front line of a prime sponsor operation. The two sets of staff do not have the common experience and language to allow them to communicate and understand each other's problems. Since the federal staff are not generally capable of providing technical assistance to improve the output of CETA services, they tend to emphasize enforcement of procedures to the exclusion of substantive concerns. There should be

greater exchange of personnel at the various levels to build that body of common experience and rapport.

2. A major positive development of CETA training is the increased use of mainstream training facilities. This reduces the segregation of CETA-eligible clients by not isolating them in specially designed institutions.

3. CETA promotes, in theory, labor market planning. Yet the existing incentives are inadequate to encourage units of government to combine in meaningful labor market-wide consortia. The balance of states also have no labor market meaning. Planning is to be forward looking and continuous. Yet the data provided for planning purposes, especially knowledge of future funding levels, is always late and sometimes long after the fact. Prime sponsors are hindered by constant changes in regulations, program structures and funding levels. The planning concept will not be meaningful until there is multi-year funding and stability in federal policies.

4. The inputs of all relevant interests in the community—target groups, employers, labor organizations and service deliverers—are essential to decentralized decisionmaking. However, Congress has now mandated three sets of advisory councils for each prime sponsor, all with overlapping and unclear functions. One should be enough.

5. Efforts have been made to increase private sector remedial employment and training programs. However, the results have been very mixed, and CETA private industry councils have not demonstrated a better track record compared to prime sponsors in the marketing of OJT. Yet private sector efforts should be continued and encouraged.

6. The people in the middle in the CETA system have come to be the regional office staff. At present, they have few meaningful functions and little authority. As such, they are often, at no fault of their own, impediments in the communications process. They should have a meaningful role and authority to carry it out or be removed from the scene.

7. There has been a continuous but unsuccessful search for designing performance measurements. The immediate placement and positive termination rate standards are misleading and counterproductive. They favor short duration training and work experience because they produce low-cost immediate payoffs, although longer term follow-up data prove that long duration training and on-the-job training have much higher ratios of benefits over costs.

Reporting systems require data which are of little value to the federal agency and provide no useful feedback to the states and localities. Yet Job Corps demonstrates the potential for using modern data processing equipment for a uniform system in which both individual participant data and management information can be entered to be recalled at all levels for meaningful analysis. It merits examination to determine the feasibility of replication on a broader scale.

8. No useful system of technical assistance and staff development has emerged. At this point, the expertise is in the skills of the most alert of the prime sponsor staff around the country. Initial experiments are underway with prime-to-prime technical assistance, and this should be encouraged. To have a substantial impact, such technical assistance and staff development aid must be made available in the local communities.

### INCREASING THE PAYOFF

Two decades ago, the nation made a commitment to upgrade and give a second chance to those members of its work force who were experiencing labor market hardship. In many cases labor market pathologies resulted because the nation's primary "first chance" institutions were failing certain types of individuals. A "second chance" system was required to deal with remedial employment and training problems.

In recent years media coverage of CETA has centered on fraud and abuse. Any undertaking involving billions of dollars and millions of individuals is likely to be marred by graft and curruption. Strong efforts must be made to rout out any corruption, but CETA has not experienced a uniquely higher level compared to other multibillion dollar undertakings. In the meantime, it is clear that, despite limitations and administative problems, most of CETA's service components have been moderately successful with benefits well in excess of costs. A number of options are available to increase that payoff.

1. Emphasis should turn from employment to training within CETA's range of service alternatives with opportunities in both classroom and on-the-job training. The need for job creation programs should, however, not be neglected. In some labor markets, the existence of substantial surplus labor may mean that job creation is the most realistic use of public funds and of the participant's time.

2. Given the diversity of the CETA-eligible population, a two-tiered classroom training system appears desirable. Remedial and entry level training for all would be available, while a second level of career training should be provided for those who are able to profit from more advanced training. The remedial/entry training could occur in a specialized institution such as a skill center that provides all the necessary supportive services. The career training should occur in the mainstream institutions in those communities in which they enjoy a positive image in the minds of employers, the student body and the public. Training should also involve the workplace whenever possible.

3. The training allowance system should be adjusted to provide a subsistence component (based on family income and need) and an incentive component (to encourage performance, completion and placement). But income support should be used sparingly to maximize resources allocated for actual training.

4. OJT rules should be liberalized to improve access to the private sector. A short "try-out" period (perhaps 3 months) before hiring, with a minimum transition requirement, and with subsequent on-the-job training subsidies where demonstrably needed, probably would increase the effectiveness and marketability of OJT. However, as indicated by the initial efforts of even the private industry councils, OJT can be expected to provide slots for only a fraction of individuals in the CETA pool, particularly when jobs in the private sector are expanding slowly.

5. The Job Corps has become successful and effective for the one-third of the participants who complete the program. It is a model of comprehensive treatment, providing a complete spectrum of opportunities ranging from special learning aid for the disabled all the way to college options for corpsmembers. Computer-assisted and computer-managed instruction is individualized and self-paced with achievement recorded and rewarded. However, it is mainly residential and "the 24-hour-a-day" treatment effect cannot be overlooked. The approach of competitive contracting with the private sector might be extended to more parts of the CETA system. Also, the utilization of programmed learning devices and curriculum materials, which have proved to be successful, should be expanded beyond the Job Corps.

6. A variant of PSE should be introduced which would permit a try-out for unsubsidized jobs in the public and nonprofit sectors, parallel to OJT in the private sector. There should be the same possibilities for OJT subsidization after the try-out but also with the same transitional requirements.

7. Work experience should be coupled with remedial education and occupational training as part of a sequence of services for youth and particularly disadvantaged adult subgroups.

8. Job search assistance appears to be an effective mechanism, at least in the short run, for helping individuals who are already seeking work—rather than as a tool to motivate persons to find employment. If it were utilized as a final component of other program activities, it would probably increase placement rates. Current budgetary obstacles to its provision through the public employment service also should be eliminated.

9. Remedial basic education and English as a second language are low cost, productive programs and essential for those who lack them.

10. Emphasis should be placed on sequential meshing of different services so that an individual can be helped on several fronts. Basic education, for example, could be interfaced with occupational skill training which would lead to OJT or job search instruction. While this will raise costs, it is a worthwhile investment.

11. A more extensive interchange of federal, state, and local personnel should become a regular part of the CETA program to create a common experience base for communication and understanding. Training expertise should be incorporated into both prime sponsor and federal staff.

12. An effective national system of technical assistance and curriculum and staff development should be introduced, drawing on prime sponsor strenghts, as well as on private and public education sources. National workshops are helpful but such assistance must be brought to the local level on a periodic basis as well.

13. Congress should provide multi-year funding to CETA prime sponsors and restrain itself from too frequent innovations in the system.

### THE FUTURE

In many ways, demographic and economic developments are recreating the issues out of which MDTA emerged in 1962. When the federal government initially funded employment and training programs, a war on poverty was not yet declared and the disadvantaged had not been discovered. Technological displacement and Appalachian plant closings at first were the major motivators for the legislation that was directed toward "retraining." All of today's robots and computers were on the horizon at a lower level of sophistication and at higher relative costs. But the entry of the baby boom generation, and millions of women (including wives and mothers) into the labor force depressed the relative wage structure compared to the cost of capital goods and encouraged more labor intensive production processes. Slow growth and excess capacity also reduced the drive toward major capital investments.

Now international competition and economic problems in certain regions of the U.S. renew the plant closing and relocation threat. All the signs are for continued influx of refuees and other immigrants. Geographical barriers will become more, not less, serious for central city residents, even as their numbers decline. The shrinking numbers of new youth entrants to the labor force will require more, not less, training. Delayed retirement may involve second careers and retraining rather than continuation of the old jobs. The displaced homemaker has not disappeared from the scene. Job creation in both the public and private sectors will remain necessary in central cities and depressed areas. Periodically rising national unemployment will refocus attention from time to time on the public service employment issue.

As recent events in the armed forces have demonstrated, intensive capital investments in highly advanced equipment require efforts to build and maintain a well motivated and skilled work force. Deficiencies in the latter types of investments can vastly reduce the benefits of the former. More emphasis will have to be placed on skill upgrading if the workforce is expected to utilized productively the technological advances of anticipated higher capital investments rates.

Given this setting and the proven results of CETA in the training field, it is time to strengthen—though not necessarily enlarge—the only available "second chance" training system we have in America. In a period when we must be concerned about reducing inflation, boosting American productivity, and strick federal budget constraints, it is important to realize that investing in human capital still makes good economic sense.

## APPENDIX—METHODOLOGICAL CONSIDERATIONS

The methodology employed in the social benefit-costs analyses contained in this policy statement considers the costs to society to include all program operating expenses except transfers, plus foregone earnings of the participants. Benefits include the estimated value of useful work performed during enrollment, post-program earnings gains (from higher wages and/or increased hours of paid employment), administrative cost savings from reduced participation in income maintenance programs, and various other social benefits (e.g., in the case of Job Corps these benefits included savings from reduced crime, and drug and health problems).

Future net benefits are discounted at a rate of 15 percent per year to estimate a present value of this stream of gains at the time the program expenditures were made. The discount includes a real rate of interest and an inflation factor. Also, the benefit-cost ratios assume a 14 percent annual decline in the measured gains between the program participants and comparison groups.

The taxpayers' benefit-cost ration considers all budgeted items, including trainee allowances, as costs. The entire earnings gains and foregone earnings are not included in this ratio because only taxes on earnings gains are benefits to the taxpayers. This ratio also considers the benefits of output produced in the programs and the various estimated savings from reduced crime and transfer payments as well as changes in administrative costs between social programs.

Various assumptions are made regarding the average future worklife for program participants. For the Job Corps the average is assumed to be 43 years, while for classroom training the average is assumed to be 39 years. But given the 14 percent annual decline in assumed measured gains, and the 15 percent discount rate, estimates are not vastly altered if worklife assumptions are somewhat different.

Estimates of Job Corps impacts are based on a two-year follow-up of a sample of 1977 participants and a carefully selected comparison group drawn from eligible youth from areas of limited Job Corps recruiting and further matched by regression analysis. For other CETA components the continuous longitudinal manpower survey (CLMS) data followed for two years a sample of participants who terminated in 1976. The comparison group was drawn from the Current Population Survey, with matched data obtained from Social Security records. The CLMS earnings and employment data for participants was then matched to the comparison group data for net impact estimates.

The procedures for selecting the comparison groups and for measuring post-program earnings are rigorous and generally conservative so as not to exaggerate impacts. For example, all estimates include an assumed annual decline in the differentials between participants and comparison groups, even though the measured differentials for some CETA components (i.e., classroom training and Public Service Employment) grew larger between the first and second year. More years of follow-up will be required before we know if the participants' benefit time paths move further apart, converge, or remain parallel over time with comparison groups.

There are other technical issues inherent in the ex-post-facto multiple regression matching or participants with nonparticipants and the use of Social Security data to estimate comparison group earnings. Also, longitudinal data take many years to collect and months to analyze. It is reasonable to expect that the gap between the time period covered and release date of the data will be shortened, but the gap—due to the very nature of longitudinal data—will remain significant. Most of the apparent changes since the 1976 CETA cohorts studied could have been expected to have widened the post-enrollment gap between the treatment and comparison groups. For instance, women as a proportion of all enrollees has risen, and women had higher wage gains than men in the years studied. Also, as noted in the text, longer training duration brings higher gains, and training durations have lengthened. On the other hand, it is noted in the text that PSE gains may have fallen.

Yet having made all of these qualifications regarding the data source, the estimation asumptions, the creation of comparison groups, and the time lag, the National Council on Employment Policy believes that the results are important and should not be ignored. Despite these problems, this methodology and data have real advantages over previous attempts, and tentative conclusions and lessons can be drawn from this body of information. Also, the general findings for the various components and individuals served by these programs remain robust under a wide range of assumptions.

Further details and analysis of this methodology are provided by Charles Maller, et al., The Lasting Impacts of Job Corps Participation (Washington, D.C.: USGPO, May 1980); Mathematica Policy Research, Evaluation of the Economic Impact of the Job Corps Program Second Follow Up Report (Washington, D.C.: USGPO, April 1980); Robert Taggart, A Fisherman's Guide—An Assessment of Training Programs for Persons of Limited Employability, 1981, unpublished; Net Impact Report Number 1—Impact on 1976 Earnings of New Fiscal Year 1977 CETA Enrollees in Selected Program Activities (Washington, D.C.: USDOL, June 1981); Westat, Inc., Supplement Number 1 to Net Impact Report Number 1—Impact of 1978 Earnings on New Fiscal Year 1976 CETA Enrollees in Selected Program Activities (unpublished, February 1981); The Board of Directors, Manpower Demonstration Research Corporation, Summary and Findings of the National Supported Work Demonstration (Cambridge, Mass.; Ballinger Publishing Co., 1980); and Richard P. Nathan, Public Service Employment: A Field Evaluation (Washington, D.C.: The Brookings Institution, 1981).

Given the real world problems of statistical research, the fate of any one program should not rise or fall based on only one experiment. However, the most recent CLMS data on the change in earnings after program participation seems to follow the general findings of previous research of employment and training programs, as indicated by the following survey (Table III):

## Table III

## The Change in Earnings for the Year After Program Participation

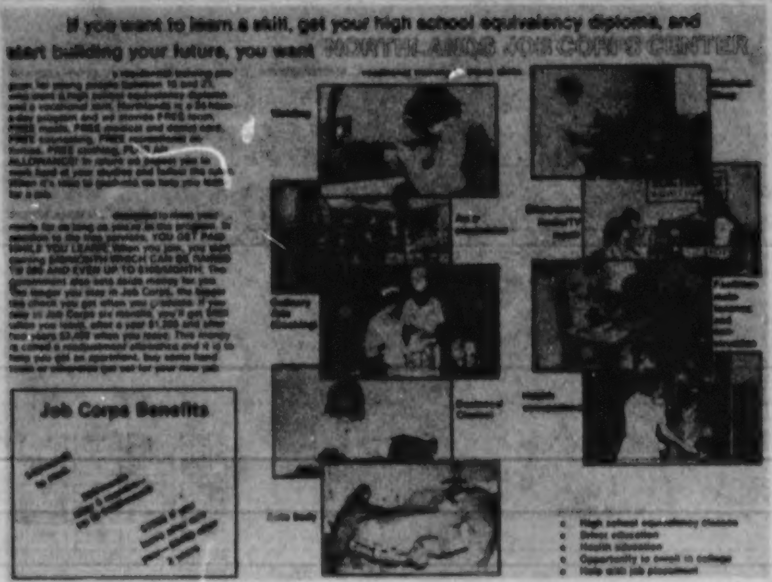
| | |
|---|---|
| **CLASSROOM TRAINING** | |
| Ashenfelter | |
| Black Males | $310 to $470 |
| White Males | 130 to 322 |
| Black Females | 441 to 552 |
| White Females | 364 [illegible] 572 |
| Borus | |
| Males | 305 |
| Borus and Prescott | |
| Males | 516 |
| Females | 30 |
| Cooley, McGuire and Prescott | |
| Males | 71 to 234 |
| Females | 100 to 291 |
| Hardin and Borus | 251 |
| Ketron | |
| Minority Females | 184 |
| White Females | 701 |
| Kiefer | |
| Black Males | (-742) to (-355) |
| White Males | (-644) to (-375) |
| Black Females | 591 |
| White Females | 639 |
| Main | 409 |
| Page; Gooding | 446 |
| Prescott and Cooley | |
| Males | 652 |
| Sewell | |
| Males | 432 |
| Cain and Stromsdorfer | |
| White Males | 820 |
| White Females | 336 |
| **ON-THE-JOB TRAINING** | |
| Cooley, McGuire and Prescott | |
| Males | (-30) to 59 |
| Females | 30 to 226 |
| Ketron | |
| Minority Males | 1,904 |
| White Males | 2,181 |
| Minority Females | 884 |
| White Females | 926 |

| | |
|---|---|
| **ON-THE-JOB TRAINING** | |
| Kiefer | |
| Black Males | $(-100) |
| White Males | (- 61) |
| Black Females | 306 |
| White Females | 926 |
| Prescott and Cooley | |
| Males | 796 |
| Sewell | |
| Males | 375 |
| Females | 754 |
| **JOB CORPS** | |
| Kiefer | |
| Black Males | (-179) |
| White Males | (- 74) |
| Black Females | (-188) |
| White Females | (-780) |
| Mallar | |
| Males | 307 |
| Females without Children | 566 |
| Females with Children | (-236) |
| **YOUTH WORK-EXPERIENCE PROGRAMS** | |
| Borus, Brennan, and Rosen | |
| Males | 554 |
| Females | 74 |
| Kiefer | |
| Black Males | 101 |
| White Males | (-1,290) |
| Black Females | ( -40) |
| White Females | (-419) |
| Somers and Stromsdorfer | |
| Black Males | 1,245 |
| White Males | 795 |
| Black Females | 1,031 |
| White Females | 187 |
| **ADULT BASIC EDUCATION** | |
| Brazzle | |
| Males | 2,360 |
| Roomkin | |
| Males | 310 |
| Females | 12 |
| **ADULT WORK EXPERIENCE** | |
| Ketron | |
| Minority Females | 367 |
| White Females | 629 |

SOURCE: Michael Borus, "Assessing the Impact of Training Programs," in Eli Ginzberg, ed., Employing the Unemployed (New York: Basic Books, 1980), pp. 34-35. Citations, pp. 195-197.

**NORTHLANDS JOB CORPS CENTER**
**Vergennes, Vermont**

Northlands is a residential vocational training center where students, 16-21, can get their high school equivalency diplomas and study one or more trades. Courses include auto repair, business, cooking, welding, machine shop, cosmetology, health occupations, and building maintenance. The Singer Company operates Northlands for the U.S. Department of Labor.



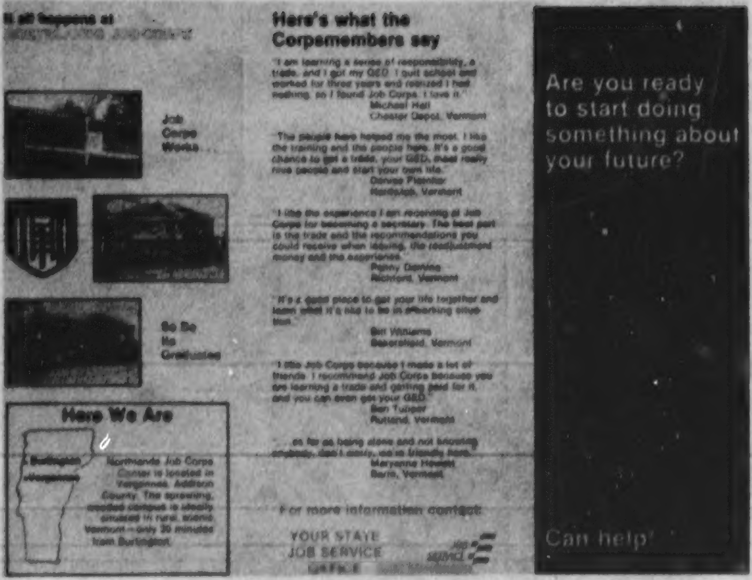
If you want to learn a skill, get your high school equivalency diploma, and start building your future, you want NORTHLANDS JOB CORPS CENTER.

[illegible] is a residential training program for young people between 16 and 21 who want a high school equivalency diploma and a vocational skill. Northlands is a 24-hour-a-day program and we provide FREE room, FREE meals, FREE medical and dental care, FREE counseling, FREE recreational activities, FREE clothing, PLUS AN ALLOWANCE! In return we expect you to work hard at your studies and follow the rules. When it's time to graduate we help you look for a job.

[illegible] designed to meet your needs for as long as you're in the program. In addition to the free services, YOU GET PAID WHILE YOU LEARN. When you join, you start earning [illegible] A MONTH WHICH CAN BE RAISED TO [illegible] AND EVEN UP TO [illegible] A MONTH. The government also sets aside money for you. The longer you stay in Job Corps, the bigger the check you get when you graduate. If you stay in Job Corps six months, you'll get [illegible] when you leave, after a year [illegible] and after two years [illegible] when you leave. This money is called a readjustment allowance and it is to help you get an apartment, buy some hand tools or whatever you need for your new job.

**Job Corps Benefits**

- High school equivalency diploma
- Driver education
- Health education
- Opportunity to enroll in college
- Help with job placement



It all happens at
[illegible]

Job Corps Works...

So Do Its Graduates

## Here We Are

Burlington
Vergennes

Northlands Job Corps Center is located in Vergennes, Addison County. The sprawling, wooded campus is ideally situated in rural, scenic Vermont—only 30 minutes from Burlington.

## Here's what the Corpsmembers say

"I am learning a sense of responsibility, a trade, and I got my GED. I quit school and worked for three years and realized I had nothing, so I found Job Corps. I love it."
Michael Hall
Chester Depot, Vermont

"The people here helped me the most. I like the training and the people here. It's a good chance to get a trade, your GED, meet really nice people and start your own life."
Denise Plantier
Hardwick, Vermont

"I like the experience I am receiving at Job Corps for becoming a secretary. The best part is the trade and the recommendations you could receive when leaving, the readjustment money and the experience."
Penny Dennis
Richford, Vermont

"It's a good place to get your life together and learn what it's like to be in a working situation."
Bill Williams
Bakersfield, Vermont

"I like Job Corps because I made a lot of friends. I recommend Job Corps because you are learning a trade and getting paid for it, and you can even get your GED."
Ben Tupper
Rutland, Vermont

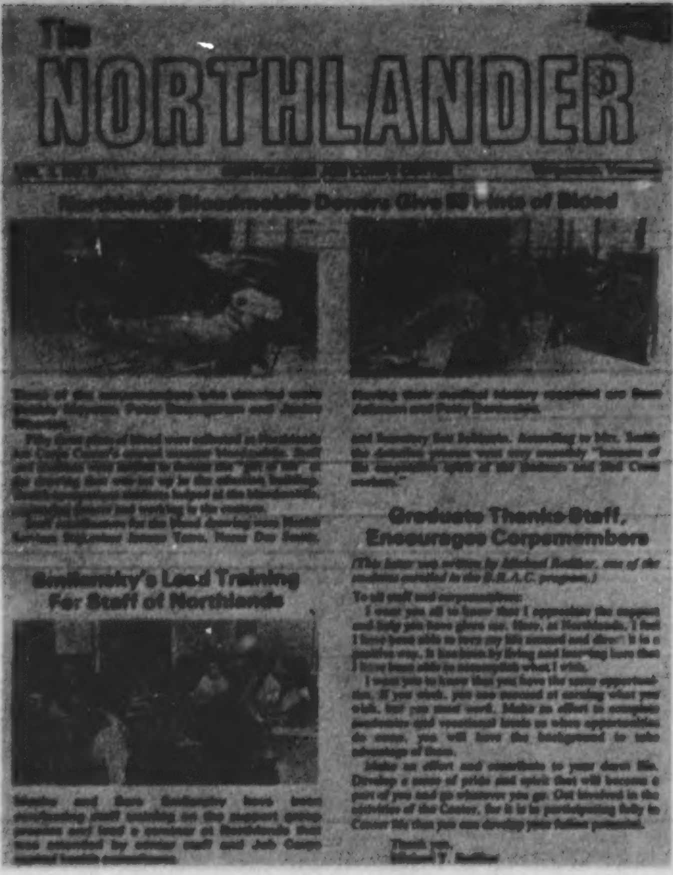
"... as far as being alone and not knowing anybody, don't worry, we're friendly here."
Maryanne Hewitt
Barre, Vermont

For more information contact:

YOUR STATE
JOB SERVICE
OFFICE [illegible]

Are you ready to start doing something about your future?

Can help!



The

# NORTHLANDER

## Northlands Bloodmobile Donors Give 53 Pints of Blood

## Smilansky's Lead Training For Staff of Northlands

## Graduate Thanks Staff, Encourages Corpsmembers

## Rock-a-thon Raises [illegible] For Special Olympics

[illegible]

## Eight Corpsmembers Selected For College Program

[illegible]

## Students Learn About Minorities in Cultural Awareness

[illegible]

## $1,000 Club is Started

[illegible]

[illegible]

## Utah Senator Orrin Hatch Speaks on Behalf of Job Corps

[illegible]

## Northlands Has a Booth At Champlain Valley Fair

[illegible]

## Student Governor Martha Goodell Is Recognized at Graduation

[illegible]

## Academic Electives Strengthen and Complement Vocational Classes

In addition to the basic academic program at Northlands that is designed to help corpsmembers pass the high school equivalency exam, five electives have been added to supplement the vocational training. These are the electives:

ADVANCED ENGLISH—This class was created to assist corpsmembers in writing skills needed for college, placement exams, and vocational upgrading. Emphasis is placed on expository, technical, persuasive, and creative writing.

BLUEPRINT READING—This course was designed to help corpsmembers with the fundamentals of blueprint reading. Corpsmembers enrolled in machine shop, facilities maintenance and construction, and welding are encouraged to enroll.

ADVANCED MATH—Corpsmembers completing their G.E.D. exam successfully or who have their high school diploma can take this class to brush up on their algebra, geometry, trigonometry, and calculus.

VOCATIONAL MATH—This course assists corpsmembers with the math they use in their vocational classes.

VOCATIONAL READING—Corpsmembers are helped with vocabulary, reading and comprehension related to their vocational classes.

## BRAC Provides Opportunity For Advanced Training

Corpsmembers desiring advanced training in the business/clerical field can apply to the B.R.A.C. program in Minneapolis, Minn. B.R.A.C. (Brotherhood of Railway and Airline Clerks) offers a complete training program to help their graduates get good-paying jobs with railroads and other transportation employers throughout the United States.

The B.R.A.C. program is similar to Job Corps in that it employs intensive individualized instruction in practical subject areas such as English and business math, and in specialized areas such as railroad and airline terminology, keypunch and typing.

When corpsmembers enroll in B.R.A.C., they do so with the understanding that following their training in Minnesota, they will be asked to relocate and will not necessarily be working "nine to five" jobs.

The four corpsmembers from Northlands who have accepted the challenge are: Barbara Huff of Scarsboro, ME who started at B.R.A.C. last summer; Karen Neymeyer of Utica, NY who went in March; Don Tuttle of Norway, ME who enrolled in April; and Michael Rediker of North Hartland who went in June.

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**Job Corps Works—So Do its Graduates**

# NORTHLANDS JOB CORPS CENTER

**Vergennes, Vermont**

## Job Corps Works—So Do Its Graduates

The Job Corps is a national program funded by the federal government to help jobless or low-income youth ages 16-21, become responsible, productive citizens. The Job Corps was made possible by the Economic Opportunity Act of 1964 and is now administered through the United States Department of Labor, Employment and Training Administration.

Residential training is a unique feature which distinguishes the Job Corps from other federal training programs. Job Corps is based on two ideas: (1) That many underprivileged young people need a change of environment—away from family or community problems, or both—to make the most of their training, and (2) That these youth need not only skills training, but also a full program of education, health, personal and social development.

### Education Plus Vocational Training

Job Corps training can last as long as two years, depending on the course of study. During that time corpsmembers benefit from an innovative program combining remedial education, vocational training, work experience and social redirection. Professional educators and instructors teach the corpsmembers vocational and academic skills that will help them be of value to business in their local communities. While stressing the value of a sound basic education, Job Corps instructors relate academic studies to vocational training.

A corpsmember learns to master the words and figures which are relevant to his particular job skill. Cooks learn to read recipes and double or halve the ingredients. Nursing assistants learn to interpret the degrees on a thermometer and to measure and record intakes and outtakes of body fluids.

### Training for Needed Jobs

Vocational training and work experience prepare corpsmembers to do needed jobs. They are trained in automotive repair, food services, health occupations, and other skills currently in demand. As a result, the outlook for youth leaving Job Corps Centers is bright. Since Northlands opened in 1979, over 90 percent of the completers available for placement were employed, entered the armed forces, or went onto further educational programs.

### Recruitment

Job Corps enrollees are recruited by the state employment services in Vermont, New Hampshire and Maine, Women in Community Service and other organizations. After meeting eligibility criteria, a new enrollee is assigned to the Center closest to his home which fits his individual needs. In this way, corpsmembers are enrolled in a Center with programs responsive to labor demands within their own geographical area.

### *ELIGIBILITY REQUIREMENTS*

- Be 16 through 21 years old at the time of enrollment
- Be a resident of the United States
- A school dropout, or high school graduate in need of vocational training in order to get or keep a decent job.
- Come from an economically disadvantaged family
- Express an interest in joining Job Corps and completing training
- Have physical health and mental ability to benefit from the program
- Not have a history of serious criminal or anti-social behavior that would jeopardize their own safety or that of others

*Job Corps*

# Job Corps is the Total Environment

## Residential Services

Enrollees begin a three week orientation when they arrive at the Center. During that time, they meet their fellow corpsmembers and staff, and become adjusted to the Job Corps routine.

The Northlands Job Corps Center has nine dormitories, five for the men and four for the women. Corpsmembers are supplied with pillows, linen and towels. A resident advisor supervises the dorm and senior corpsmembers are also chosen as student resident advisors. Each student also has a counselor with whom he/she meets regularly during his/her Job Corps career.

Nutritious meals are served in the Center's cafeteria, at no cost to the corpsmembers. A variety of food is available at all meals to insure a well-balanced diet and to appeal to the corpsmember's diverse tastes.

The Northlands Job Corps Center has its own medical building and corpsmembers receive a complete medical exam upon their arrival at the Center. After a prescribed length of time, the corpsmember is eligible for dental work and a vision check.

Transportation home is provided at government expense after a corpsmember completes six months in Job Corps. Prior to that, corpsmembers eligible for a weekend pass are responsible for their own transportation costs. Transportation for shopping trips and recreational events is provided by the Center.

Work clothes or uniforms are required in some vocational classes (i.e. health occupations and auto mechanics) but otherwise corpsmembers wear their own clothes. Corpsmembers receive clothing allotments after they have been in Job Corps at least 90 days. A corpsmember is responsible for his/her personal laundry.

## Leisure Time Activities

A corpsmember's day closely follows a working person's schedule, attending classes during the day with nights and weekends free. The recreation staff plans diverse activities to appeal to the interests of all students.

The Northlands Job Corps Center has playing fields and a gymnasium. Outdoors the students can participate in organized games of soccer, softball, badminton, flag football and field hockey. The gym is available for basketball, handball and volleyball, all under the supervision of recreation staff members.

Some recreation trips are planned away from the Center and corpsmembers will be chaperoned and transported by the Center. Trips away from the Center could include bowling, summer picnics and museum visits.

An arts and crafts room will be available where corpsmembers can take up hobbies they will continue to enjoy long after they graduate. In addition to drawing and painting, art activities include macrame, weaving, rug hooking, working with clay, stringing beads and sculpting with paper mache.

## Allowances and Monetary Benefits

Corpsmembers receive a living allowance check semi-monthly. Initially, corpsmembers receive $40/month. Increases in the base pay, up to $100/month are awarded based upon performance and length of the corpsmember's stay in Northlands. The corpsmember does not pay for room and board or classroom supplies, and this money is his/hers to spend for incidentals and transportation home on weekends. Job Corps will pay transportation costs for the corpsmembers to go home once every six months.

A monthly readjustment allowance of $75/month for the first six months is set aside for corpsmembers, which will be paid to them when they leave, provided they have been in Job Corps at least six months. Exceptions to the six month rule are granted to corpsmembers completing their program within six months, or to corpsmembers who leave Job Corps due to medical reasons, to join the military or for a reason acceptable to the administration.

The readjustment allowance increases to $100/month for the next three months, and after nine months and a day, the readjustment allowance is $100/month retroactive to the first month.

Therefore if a corpsmember stays in Job Corps the full two years, he/she will have accumulated $2,400 to help with the transitional period between leaving Job Corps and when he/she receives his/her first paycheck.

Corpsmembers can also set aside part of their readjustment allowance, called an allotment, which will be sent home to a dependent child or spouse. Amounts can be set aside from $10-50, and the government will match the amount, enabling the child and/or spouse to receive up to $100/month.

## Vocational Training

The Northlands Job Corps Center allows corpsmembers to train in one or more of the following vocations:

**Auto Mechanics** This program trains corpsmembers to work on small engines, automobiles and trucks. They learn to disassemble and inspect engines and other automotive components for wear and damage and to perform required adjustments. Emphasis is given to troubleshooting and repairing common problems experienced in automobiles, outboard motors, lawnmowers, and trucks. In this program, corpsmembers can progress through the following skills; small engine repair, service station attendant, minor tuneups, auto mechanics helper and diesel mechanics helper.

**Auto Body Repair** Here they learn the skills required to work in auto body repair shops. They learn to repair body damage, prepare surfaces for painting, align frames, and to paint and finish automobiles.

**Construction & Facilities Maintenance** This program trains youth to work in the construction trade or to maintain and perform repairs to keep buildings in working order. They learn to install and repair electrical systems, construct walls, roofs and floors, and to install and repair plumbing. If desired they can learn to fabricate sheet metal to form heat ducts and other specialized metal products and repair heating systems. In this program corpsmembers can learn the following trades; construction carpenter, maintenance worker, oil burner repair, sheet metal worker, or floor layer.

**Business Trades** This program trains corpsmembers to work in offices and businesses. They learn to use a typewriter, calculator, duplicating machines and other office equipment. In addition training includes practice in working in sales, accounting, data processing, typing pools and many other types of offices. In this program corpsmembers can progress through the following types of jobs; receptionist, clerk typist, bookkeeping clerk, bank clerk or teller, general office clerk, secretary, or keypunch operator.

**Welding** This program trains youth to work in small welding shops or in large factories. They learn to use gas and arc welding equipment and if qualified to learn the techniques required to work on specialized metals. A comprehensive program that allows them to learn the following trades; Arc welder, Gas welder or combination welder.

**Culinary Arts** Prepares corpsmembers to work as a cook or baker in the food processing industry. They learn the proper technique for meat, vegetable, baked goods and salad preparation. Furthermore, they learn to prepare menus, proper sanitation techniques, food storage, and operating techniques of food service institutions. The jobs youth can learn in this area are; cook and baker, cooks helper, short order cook and fry cook.

**Cosmetology** Training in the care for skin, nails and hair. Cosmetology is offered on a limited basis at a cosmetology school in Burlington. Corpsmembers commute to and from Burlington daily via public transportation.

**Machine Trades** Trains corpsmembers to work in the machine industry. They learn to read blueprints and operate the lathes, and drilling and grinding machines used to shape metal stock into the tools and parts needed for industrial machines and appliances. This program trains them in the following jobs; drill press operator, grinder operator and lathe operator.

**Health Occupations** Students learn medical terminology and abbreviations, dressings, basic treatments, nutrition, and ethics in the healing profession. The program is preparation for work as; ward clerk, nursing aide, physical therapy attendant, EKG aide, dental assistant, and medical assistant.

## Academic Classes

Academic classes are structured to help students with their vocational training, offering the necessary reading and mathematical background. Equally important, academic classes prepare students to take the high school equivalency exam.

Academic classes include:

**Reading**—Remedial reading [illegible] offered to bring corpsmembers up to the level required for the GED class.

**Mathematics**—Corpsmembers with deficiencies in mathematics receive additional help prior to the GED class.

**Cultural Awareness**—Students learn the culture of various ethnic groups.

**Physical Education**—Organized gym classes are held during the day.

**General Education Development (GED)**—Students study in preparation for the high school equivalency exam.

**Driver Education**—Corpsmembers study for the learner's permit test and then practice driving in preparation for the road test.

**Health Education**—Medical attention has often been neglected prior to Job Corps, and this class educates students about good health and hygiene principles. First aid and CPR instruction are also given.

## Extension Programs . . .

**Advance Career Training Program**—Offers to qualified corpsmembers a chance to further their training. Selected Colleges across the nation have A.C.T. contracts with Job Corps.

**Water Wastewater Resources Training Program**—Trains young men and women as wastewater treatment plant operators.

It Includes:

- 90 days at the Northlands Center in the Facilities and Maintenance course.
- 6 months of wastewater treatment plant Training at Rutland Voc-Tech.
- 6 Months O.J.T. at the pre selected Wastewater Treatment Plant.
- Permanent employment is often a result of this program.

**B.R.A.C.**—Brotherhood of Railroad and Airline Clerks—Extensive clerical training on the type of equipment used in the transportation industry.

## Work Experience . . .

Classroom theory and practical work experience are an integral part of the Job Corps vocational training. Near the end of his/her stay in Job Corps, a corpsmember will spend part of his/her time in a work experience placement, and the remainder of the time in class and meetings with the placement coordinator.

Work experience opportunities vary. A student in the health occupation might be assigned to a community health agency, a nursing home or could work in the Center's infirmary.

## . . . And Job Placement

From the day an enrollee arrives at Job Corps, his/her program is planned to help him/her move on to a good job. When he/she completes his/her training, he/she is assisted in finding a job by his/her local office of the Vermont State Employment Service and by the Center placement office working with the corpsmember and prospective employers.

Graduates can directly enter the working world, join the Armed Forces or apply to college or advanced vocational training.

(Approximate mileage by highways)
Burlington
VERGENNES
Montpelier
Barre
Rutland
Augusta
Portland
Concord
Brattleboro

## About the Community

The Northlands Job Corps Center is located in Vermont's scenic Addison County. The sprawling, wooded campus along Otter Creek has long played an important part in Vergennes' history.

Vergennes is located such that no city in Vermont is more than an hour or two away.

Nearby areas offer a variety of outlets for recreational and enrichment trips.

## What the Corpsmembers say about Northlands

"It's a great way for ages 16-21 to get a head start in life. You can get a G.E.D. if you were unable to get one in high school. Also it's a great opportunity to meet all kinds of nice people from different states."

*Dan Gravel*
*Wolcott, Vermont*

"Northlands Job Corps is a nice place to stay and learn new things about yourself. You get a good education and get paid at the same time."

*Lynn Goodrich*
*Morrisown, Vermont*

"I think Job Corps is a great opportunity for someone who takes their future seriously. You get an excellent education. They helped me to go to L.P.N. school, and I'm very grateful for it."

*Celeste Lefebvre*
*Pinardville, New Hampshire*

"I have received excellent training in all aspects of the Center. I feel I am now ready to be on my own."

*Martha Goodsell*
*Burlington, Vermont*

Northlands Job Corps is operated by the Singer Company for the U.S. Department of Labor

Mr. **Jeffords**. The next witness is John Fitzsimmons.

## STATEMENT OF JOHN FITZSIMMONS, DIRECTOR, CUMBERLAND COUNTY CETA, PORTLAND, MAINE

Mr. **Fitzsimmons**. Let me introduce myself. I am John Fitzsimmons, the CETA director, also the chairperson of the Governor's Youth Council in Maine. I think I will highlight some of the things I have written.

I would like to thank you for me being here today. If it was not for 3 years of working in direct services with you, I would not have decided to get into administration to get away from working with you, but there are several things I want to address today.

First, I would like to talk about some of the trends in the present program, and second, some of my recommendations that I think would improve a future program.

Cumberland County CETA has had a very high placement rate. Sixty-five percent of our participants are in unsubsidized employment. In fact, this year we had an employment rate of 70 percent. We have flexibility in the CETA staff themselves.

Let me quickly address accountability. The rules and regulations covering CETA are extensive. We have to account for how the funds will be used and the types of activities that we may run. This is checked by our regional office. Within each prime sponsor you have your own independent monitoring unit to make sure that you are in compliance with the regulations. I think that is imposed on top of the structure, but I think there is a moral commitment on a local level. Our county commissioners are the prime sponsors. They are responsible and very concerned about what we do within the program. They review the plans that we submit, the program performance. I think the most important thing as a CETA director is that I know they are accountable to the public.

Mr. **Jeffords**. How are they accountable to the public?

Mr. **Fitzsimmons**. Well, first of all the public puts them in their positions so that anything we are doing within the program, if the public is not satisfied they will call up the county commissioners and talk about what is going on. So that I always have direct access to the commissioners, and the public to the commissioners also.

Mr. **Jeffords**. They are elected then by the public?

Mr. **Fitzsimmons**. Yes, they are.

I think besides the commissioners who really do care about the program, the present system of utilizing councils is a very effective way. The advisory council, the private industry council, and also the youth council are involved with reviewing the programs, designing and evaluating. These are people who are concerned about the participants that we are serving, and also are the watchdogs for the Government to make sure that we are reaching the people that we are supposed to reach.

It takes a lot of time and energy to keep all these folks informed of what is going on, but it has worked well within our community, and what makes me very proud is that I can look you in the eye or the council members in the eye and know that we are doing what we should be doing, serving the economically disadvantaged and placing them in jobs.

Let me quickly highlight some things that I think the CETA system currently is very flexible. When you are working with a participant, I am a former youth counsel, and if you are working with a youth who lacks work history, who does not have references, possibly has an alcohol or drug problem, where do you begin? Well, there are really three components within the CETA system that I think are really very beneficial for a youth like that: Work experience, classroom training, and on-the-job training. What I would do is place that youth in a work-experience site working in a nonprofit agency. While that youth was learning skills at that site, I could deal with the prevocational skills, the work attitudes, how to deal with coworkers and supervisors, and possibly some remedial education if necessary.

Once the youth proved that he or she was willing to meet their responsibilities, then we consider classroom training, vocational training. After completion of that, if we would try to approach a private sector employer about placing that youth with that company, if they were reluctant because of the youth's age or lack of experience then we could offer an on-the-job training contract, 50 percent of the cost of training that person.

That three-tiered step is very effective in reaching the lowest-level youth. Many of the youth went directly into vocational classes, others into on-the-job training, because they were a little bit higher-level.

As you see, those are the three-tier approach for reaching youth themselves, but also with tremendous flexibility in reaching the private sector. Obviously, I know the goal is to place youth or adults in the private-sector jobs.

Let me give you a couple of examples. A major shipbuilding corporation within our county, Bath Iron Works, was expanding. They had people working within their company who were employed with them for at least 6 months, but were in dead-end jobs. By the CETA regulations we were able to offer them upgrading opportunities. When these people were upgraded, the company backfilled the openings with CETA-eligible participants. Also, when the company received additional contracts they needed more welders than were available in the local labor market, and we were able to set up training at that company. The company's own staff were involved in the instruction. They were able to teach our participants in the methods and procedures they wanted, and when all was said and done the company had trained many participants, and our participants were earning at least $8 an hour. That was one way within one major company of upgrading people who were in low-level jobs and at the same time training CETA participants.

For a small company, you have a photo service repair company located in the Portland area. They decided to expand and really were unable to do it on their own, but their company looked like it was in a growth period and they approached CETA. We were able to put together a training program at that company. Ten of our participants are being trained there today. And when they graduate they will be earning at least $5 an hour.

Using private sector companies as training grounds I found highly effective. First of all, the companies are making commitments to hire the people up front, and also it is an excellent vehicle for training in the rural areas. Cumberland County has the largest city, but also has many rural towns, and people are unable to travel to the big city for the classroom training. So by using private sector companies we are able to offer the training in their locale.

One other thing I would highlight is economic development that we are able to utilize. We had a major company that wanted to move into Cumberland County. We approached their company officials and set up another vestibule of training to prepare people as machine tool operators. When the company opened 6 months later, 15 of our participants were placed in that company, and 2 of our former participants are supervisors there now.

The third thing that I think is the key factor for us being successful is the CETA staff.

We have 5 years of working together, employment and counseling, employment counseling and training people in jobs. It is a real skill. It is a vocation, and I think we are just starting to realize that now. At the college level they are starting to offer courses in that area. It is a great sense of loss that I see the program being cut or possibly even dismantled, because we are losing some excellent people out there who make a difference.

I hope that if you are considering a new bill that the time delay is very short. If there is a great time delay between the old program and the new program, we may lose more of the greatest resource we have, and that is the staff.

Let me quickly highlight some of my recommendations.

First of all, 2-year funding. The system now of going year to year presents many barriers. First, a lot of energy and time is spent in writing the plans, keeping up on a year-to-year basis.

The second is that it is very difficult as a prime sponsor to plan from one fiscal year into the next, so that when June is rolling around and we are planning courses that might run into October or November, we are always feeling very risky or iffy about doing it.

That is another problem. The schools that we contract with, the vocational schools, are very hesitant about making commitments with CETA because they are not sure if our funding will be available when October comes. So that sometimes they are reluctant to hire their instructors, and I think more importantly they fail to put money into capital investment or equipment because they are afraid of our lack of commitment.

I think the CETA system lacks incentives. I would really encourage that prime sponsors that achieve their placement goals have some kind of a bonus for doing so. I believe in the private sector's motives of putting dollars out there to make people perform better, and the other side of that, I do not think we have incentives to reach the most in need. I would like to see a financial bonus built in for prime sponsors that serve handicapped, minorities, displaced homemakers, youth, and offenders. What I would recommend is that prime sponsors who serve *x* percent above the targeted groups and their normal population would receive a financial bonus for doing so. I think that is one way of putting a carrot out there to make sure that the truly needy are being served.

Another thing would be for a separate youth program. As a prime sponsor director, I see the two different programs, the adult training program and the youth employment training program for youth, as vastly different in the needs for each group. If you merge the two programs together, I would speculate the adults will win out and that the youth will not be getting services that they are now receiving. By having it as a separate program also you are specialists. I think that being a youth counselor is a much different position than being a counselor with adults. There are special needs, and people can relate to youth when not everyone can do that.

I would also like to encourage that you put benchmarking into youth programs. This concept of benchmarks are already being used in consolidated youth employment programs, and not only do they measure youth progress in the program through job placement, but there are four key areas: Basic employability skills, educational skills, work maturity skills, and occupational skills.

Job placement is a goal, but there are many other very positive things that happen for youth within a training program, and hopefully that is an investment in that youth's future.

Another area that I would like to recommend a change would be in participant eligibility. For the general participant population, maintain the present definition of economically disadvantaged which includes a family income at or below 70 percent of the BLS. The following target groups would be eligible if their family income were at or below 100 percent of the BLS: Handicapped, single parents, youth, veterans, minorities, displaced homemakers, and offenders. This would give us a lot more latitude in reaching the folks that hopefully you feel are the most in need.

The out-of-school youth would have the same eligibility, ages 16 to 21. If you were considering to include an in-school program, I believe that if youth are receiving wages or allowances that they should meet the same guidelines as the out-of-school, waivering the length of unemployment, of course.

All other services such as the transitional services, in-school counseling, should be open to all youth within that school system between the ages of 14 and 21.

I guess I would like to say, coming from the State that is the second poorest in the Nation and has the dubious distinction of having the highest unemployment rate in New England, we need a national employment and training system. I want to commend you for coming out in the field and talking to the practitioners, and I appreciate the opportunity to share some of my ideas with you.

Mr. **Jeffords**. Thank you very much.

[The prepared statement of John Fitzsimmons follows:]

PREPARED STATEMENT OF JOHN FITZSIMMONS, EXECUTIVE DIRECTOR, CUMBERLAND COUNTY CETA, CUMBERLAND COUNTY, MAINE, AND CHAIRPERSON, GOVERNOR'S YOUTH COUNCIL OF MAINE

Mr. Chairman, members of the subcommittee, I appreciate this opportunity to talk about employment and training programs, especially programs designed to train youth. I am John Fitzsimmons, the director of Cumberland County CETA.

which is located in southern Maine, and I am also the chairperson of the governor's youth council of Maine.

There are two important areas that I will deal with this afternoon. First, I will address the strengths in the present employment and training system and second I will present some of my recommendations to improve the future employment and training system. As I prepared for this meeting, I realized that my ideas are not totally my own and that a byline must be shared with my county commissioners, governor's youth council members, Cumberland County CETA's advisory, youth and private industry council members, youth counselors and equally importantly, youth themselves.

I have not come here to bury CETA. I believe that its concept and goals are sound and achievable. In our county, for the last 3 years we have placed 65 percent of our participants in unsubsidized employment, and in fact in this last year, fiscal year 1981, we achieved an entered employment rate of 70 percent. There are three key factors that have made us successful: These are accountability, flexibility, and CETA staff.

### ACCOUNTABILITY

As you know, the Federal regulations governing CETA are extensive and do provide for strict accountability of how the funds may be used and the types of activities that a prime sponsor may conduct. These rules and regulations are enforced by each regional office and by the independent monitoring units established in each prime sponsor. On a local level, the programs are under the direct responsibility of elected officials, in our case, county commissioners, who are responsible to the electorate. Cumberland County's commissioners are involved with reviewing the plan, monitoring program performance, recruiting and selecting advisory, and private industry council members, and promoting the program to the general public and private sector employers. Equally importantly, the commissioners are accessible to the public regarding any concerns that they may have about the operation of the program.

Obviously, I am responsible for the day to day operations of the program, but the commissioners have made it perfectly clear that they take their prime sponsor responsibilities seriously and want to have a program that serves the unemployed, economically disadvantage effectively. Additional local level accountability comes via our advisory council, private industry council and youth council members who are involved with designing, reviewing and evaluating our training programs. During the council's subcommittee meetings, council members review in detail the budget, targeting of participants we will be serving, and program performance.

It takes time and energy to keep all these parties informed, but when it works well, as it has in Cumberland County, it provides for grassroot support for the program and ensures that the unemployed economically disadvantaged are receiving the best possible services.

### FLEXIBILITY

I believe that the present modes of training via on-the-job training, vestibule training, classroom training, work experience, upgrading and retraining allow flexibility in designing effective programs for individual participants as well as meeting the needs of employers. Generally there are three steps available in training programs. As a former youth counselor, when I was working with a youth who lacked work history, vocational skills, references, and maybe had an alcohol or drug problem, I would place that youth in the work experience component as a first step. While this youth was working at a non-profit agency, I was able to help him/her deal with pre-vocational skills such as, work attitudes, how to deal with co-workers, and supervisors, and develop remedial education possibilities. We would invest in the second step, vocational skill training, only after the youth had proven that she/he was willing and able to meet a basic level of competence in pre-vocational skills. After vocational skill training, we would approach private sector employers for job placement. If they were reluctant to hire the youth because of his/her age and/or lack of practical work history we would offer the employer an on-the-job training contract which would reimburse 50 percent of training cost for hiring that youth. While this three tier approach was highly effective in meeting the needs of an individual at the lowest employability level, many youth I worked with were able to go straight into vocational classes and some needed only an on-the-job training contract to break into the employment field and gain marketable experience.

Since inception of the Youth Employment Demonstration Projects Act, (YEDPA) in 1977, Cumberland County CETA has placed over 1,700 youth from our inschool and out-of-school youth programs into unsubsidized employment.

From the perspective of local employers, CETA has been extremely flexible in meeting their labor needs. When a major ship building company in our county wanted to expand, CETA was there to assist in two ways: First by upgrading workers within the company who had been employed at least six months in dead end jobs. These workers were upgraded to welding and shipfitter classifications via CEA-subsidized training which reimbursed 40 percent of the company's training cost. The company backfilled those openings created by upgrading by employing CETA participants in the vacated posisions. The second option offered to the company was vestibule training. When the company started receiving new shipbuilding contracts it needed more trained welders than were available in the local labor force.

CETA was able to establish a classroom training site on the company's grounds and CETA paid for the time of the company's staff to train the participants and also paid the participants' wages while they were in training. The result was that the company had trained welders instructed in their methods and procedures and CETA had participants placed in positions that paid over $8 per hour. This is an example of what we have done for a large company, but we have also worked with small businesses. When a local photo-service repair company decided to expand, they approached Cumberland County CETA about setting up a vestibule training site at their company. Today, we have a contract with the company and ten of our participants are enrolled in their third month of training. When our participants have completed their training, they will be hired by the company and be earning over $5 per hour.

Cumberland County CETA has also been involved in economic development with our local chamger of commerce regarding a new company moving into our county. The result of discussions with company officials was that six months prior to the company opening a new plant in our county, Cumberland County CETA set-up a training program designed by that company to train machine tool operators. When the company opened its new plant, 15 of our participants were placed and today two of our former participants are supervisors in that plant. Obviously, there is a great deal of flexibility built into the present CETA regulations to meet the needs of both the structurally unemployed and the private sector.

### CETA STAFF

One of the reasons our prime sponsor has been successful is its staff. Not only are they competent in their jobs, but they take great pride in their vocation, and care about the participants we serve. As I watch the CETA program being dismantled piece by piece, it is with a great sense of loss that I see top notch professionals leaving the field. In my own prime sponsor, I just had to lay off some staff who had three, four and even five years of experience in CETA. I want to caution you that if you are planning to introduce a new training bill for fiscal year 1983, please do not delay. If there is any time gap between the old and new program we will lose the most valuable resource the field of employment and training has—its staff.

### RECOMMENDATIONS

As I mentioned in the beginning of my presentation, I do see a need to make some changes in the present system. I realize that nationally CETA is not held in high regard, but I feel most of those negative perceptions are based on the Public Service Employment (PSE) programs that CETA conducted. Although PSE jobs resulted in additional servics to the poor, the handicapped, the elderly, and local governments, the majority of the public considers PSE-type programs to be strictly "make work", and does not want to see them re-funded. I believe that CETA programs should be structured so as to emphasize what they do best—vocational training. While the present regulations and concepts governing the training programs are basically sound, there are some program structures that I believe would make the employment and training system even more effective.

### FUNDING

Program moneys should be allocated on a 2-year funding cycle. The present system of year-to-year funding requires a tremendous amount of time and money spent on writing plans and becomes a barrier to effective long range planning. Prime sponsors are forced to take risks when they plan for training programs if they are to plan for programs extending into the next fiscal year. As a result, vocational schools are often hesitant to make commitments to their instructors and are reluctant to invest capital in new training equipment for CETA-sponsored programs because they are not confident that CETA will be able to fulfill commitments beyond the end of each fiscal year.

### INCENTIVES

Presently the system lacks incentives for prime sponsors to improve their productivity. Additionally, there is no incentive to serve the "most in need". I recommend that prime sponsors who achieve their placement goals should receive additional funding. I also recommend incentives for programs that serve the handicapped, minorities, displaced homemakers, youth, and offenders. This incentive could be in the form of a financial bonus for prime sponsors who serve *x* percent of those targeted groups above the normal incidence in the general eligible population.

### SEPARATE YOUTH PROGRAMS

A separate youth program should be maintained. This program should offer the types of service that best train youth and it should be measured by performance standards that reflect the clientele the program enrolls. My recommendation is that we adopt the benchmarking concept which is presently being utilized under CETA's consolidated youth employment program (CYEP). Under CYEP in addition to documenting of job placement, there are four benchmarks that are used to measure a youth's progress in the program. They are: I. Basic employability skills, II. Educational skills, III. Work maturity skills, and IV. Occupational skills.

### PARTICIPANT ELIGIBILITY

For the general participant population, maintain the present definition of economically disadvantaged, which includes a family income at or below 70 percent BLS. The following target groups would be eligible if their family income were at or below 100 percent BLS: Handicapped, youth, minorities, offenders, single parents, veterans, displaced homemakers.

Out-of-school youth: Same eligibility guidelines—16 to 21 years of age.

In-school youth: If the youth received wages or allowance then she must meet the same guidelines as the out-of-school youth, with the length of unemployment criterion waived.

All other services covered under the present regulations for transitional services should be available to all in-school youth between the ages of 14 and 21 years of age.

On behalf of the second poorest State in the country and the State with the dubious distinction of having the highest unemployment rate in New England, I urge you to continue to support a national employment and training system. Take the experience and knowledge we have gained under CETA and incorporate it into a future employment and training program. I commend you for reaching out in the field and talking to practitioners and I appreciate having this opportunity to present my ideas.

Thank you.

Mr. JEFFORDS. Mr. Anderson.

## STATEMENT OF TIMOTHY ANDERSON, NEW ENGLAND REGIONAL VICE PRESIDENT, NATIONAL ALLIANCE OF BUSINESS, BOSTON, MASS.

Mr. ANDERSON. Good afternoon. I am Timothy Anderson, the regional vice president for the National Alliance of Business, which means that I am basically the top staff person for NAB in this region.

A little bit by way of background—around a year ago, I was with the zoos around the Boston area. I did that for about 6 years. From the position of being zoo director, not only did I come up with about 90 animal analogies to fit into any testimony or anything, but also a few reactions to the employment and training system or CETA. We had CETA workers in the zoo doing all sorts of ground-cleaning projects and things like that, and everybody on the staff had all sorts of extremely hostile and negative opinions about this.

So when I went into this position with National Alliance of Business and I was going to be involved with the CETA system, I got all kinds of sage advice from all the zoo people.

Having come into the employment and training system very recently, under a year ago, I had lots of initial reactions. I thought that there had been enormous amounts of past waste and that the money that had been spent had not been spent as investments for the future. It was money that was thrown at the problem. There was almost no political organization out there, any constituency for an employment and training system. If you think about it from a zoo point of view, if you are trying to put a zoo in the middle of the worst section of the city and you are trying to get people, both white and black, to actually come to that facility, you know something about trying to build a constituency board. If you are trying to raise private dollars, there is a constituency that is necessary. There is a constituency necessary for every nonprofit cultural institution or performing arts company or zoo. What does this have to do with this system? I think an awful lot. I will go into that a little bit.

I saw that the title VII system overall when you looked at the PIC chairs and the PIC staff and some of the projects they were working on, it was clearly only now coming to any kind of maturity. It had come a long way, and it still had a long way to go. It was very unsophisticated.

I think that the reason for my perspective on this is that the PIC system in New England is far ahead of any other region in the country. Of course, that is a biased view looking at it from New England, but most things I read about that carry that out.

One of the factors that might contribute to that success is that 17 out of the 26 PIC boards, business boards set up, are still headed by the same individual. They have been the same since the whole system started in 1978.

I think the only other thing I would add as an initial reaction is that the PIC's were not responding adequately to changes. If you looked at the area of youth and you said why are you not collaborating with the local system, what relationship do you have with the local board of regents for colleges, people had blank stares. They did not see any connection possible there at all. So I brought the typical zoo director sense into this analogy. One has to do a needs assessment, develop a plan and consider mergers of various nonprofits that exist to respond to the needs of the eighties. You have to start diversifying your funding base, and that leads into all sorts of problems.

If we are talking about responding to what President Reagan is talking about in increasing voluntarism and increasing the private dollars going into an employment and training system or anything else in the country, we have an enormous challenge. I have raised millions of private dollars, and I dare say there are very few people in the employment and training system who can say that.

To say that you are going to take the staff people who know so much about the very important issues of employment training and turn them into a bunch of fundraisers, you are going to have some real problems. Making that sudden leap into this voluntarism is going to take a bit of time which, of course, leads into a little bit of an animal thought.

Most people who are lay people going into zoos and going into looking at animals think that adaptation for animals means that you can take this animal that survives well in a desert environment and take them out of this desert environment and put them into a tropical forest, and that they will do great. There is more water and more food to eat and things like that, all of the solutions are built right in. But the animal does not adapt. That individual animal cannot adapt to that new situation. The animal will end up dying. What that has to do with the employment and training system is that adaptation through evolution takes an enormously long time, and if we are going to go and change the employment training system from being totally dependent on the public dollar, as it has been, and try to make a transition from dependence on the public dollar to depending more on private dollars. Some of the same individuals are not going to survive in the old system. Some of the good things that are going on are not going to do very well, and a gradual change from one to the other would be very advisable.

Another great advice that I felt right at the very beginning is that there has to be a movement built and not a monument. That makes a lot of sense to zoo people again because zoo people are always going off and trying to build a great physical facility and spending millions of dollars on new buildings, where what they should be doing is talking about conservation of endangered species and changing the whole population of the country to be more responsive to those needs.

If you take a whole bunch of money and you throw it at this problem and you do not make that investment in the future at the time that brings in the business people to get them interested in actually spending money, that they have on their training programs that include disadvantaged people—we have not done it. The fact that if you cut all the money right now in employment and training, the vast majority of it would be just gone and the problem of unemployed disadvantaged people would be far less. It means that the mass amounts of moneys have not been spent properly in the past.

So much for all the zoo advice on that type of thing.

President Reagan came and spoke at the National Alliance of Business national conference a couple of weeks ago and Mr. Porter from the White House came and spoke at the PIC annual meeting in the city of Boston, and they both said one story that was the same, so I imagine that you have heard it. It sounds like it is part of the dog-and-pony show that the White House is going around the country using to convince people that voluntarism is very important. It is the story that President Reagan talks about there is a great storm going on and the ocean is crashing against this sand bank, and on top of this cliff are built these houses, and the sand bank is being washed away and all these volunteers are lined up along the oceanfront piling up sandbags to keep the sea from eroding the bank so that the houses collapse.

The story goes on to say that some individual asked some individual working on this why, and the answer is "I am now involved in this because I perceived a need, and nobody has ever asked me before or said this is a need before," which is a great testimony for voluntarism.

If you are trying to build a new zoo you depend heavily upon volunteers. If you are doing any kind of nonprofit organization, building a museum in an urban area, you have a tremendous reliance on people giving their time and money. There are two questions that I think of when this is given as an answer that all I have to do is ask: How did all these people along the seashore learn of the need, find out that the houses were going to wash away? Where did the shovels come from to fill the sandbags? Where did the sandbags come away? Who was coordinating to make sure that the sandbags actually went where they belonged so, the cliff did not get washed away? If you get down to some bricks-and-mortar type things, they had to eat, somebody had to take care of the sandwiches, and someone had to thank them if you are ever going to use them again as a volunteer network.

If you look at the employment and training system that way you have a lot of problems. If you take the CETA system, if you just say that we are going to depend on the volunteers, who is going to provide the shovels and sandbags? In the past there have been abuses, and at times you could almost imagine the CETA system using Government trucks to bring in sand from somewhere else to this beach to have people to put in these specially designed OSHA-approved bags and special shovels that could not give you splinters and all that. But the point is you have got to give them tools to work with. You have got to lead them, guide them, market them, the whole thing.

Seven real quick points. We went around and asked some business people in two different meetings, one in Hartford and one in Boston in September. We invited them to come in and talk about what should the employment and training system in this country become. I am representing my understanding of what they said, not a formal NAB position or anything like that, but what they were saying is that there has to be a continuing Federal role in the employment and training field, and it has to be geared toward the disadvantaged. You would not have unanimous opinion on that, but that was the vast majority of it. You have to have one merged system instead of the chaos of several different systems on employment system and in unemployment insurance and CETA and vocational education and all this. The people were pointing out saying that that would clean up some of the problems saying if you pushed it all together and had incentives tied into some of the other related systems, the schools, for example.

You have to have strong business involvement. They were talking about qualitative and quantitative evaluation. Labor market areas seem to make a lot more sense to them than political divisions. Two cities next to each other make more sense to have one program working together efficiently than two separate governing structures.

This whole gradual shift not only is true in the zoo business but evidently was true from a lot of these business people also point of view, the gradual shiftings from what it has been on the public to a public-private mix is going to be needed.

Finally, the Federal expenditure should have some kind of a trigger mechanism that you would only be putting money into the problem if the unemployment was over a certain percentage.

As you heard before in New England in certain areas there are going to be labor shortages that we will not be able to provide for.

The handout that I want to leave with you goes a little bit specifically into what our goals and objectives are for National Alliance of Business. If you notice, the major emphasis of this is how do you adapt to the changes that are going to be happening and how do you get ready for them. We talked in terms of about 15 specific real quick steps. You have to continue to build a capability. A lot of them are very strong. At least half of them are extremely worse in this region, and it gets worse in other regions. I am talking about the private industry councils related to CETA.

You have to increase the business involvement. Right now, we have about 500 business people actively involved in New England in the employment and training system, perhaps a little bit more than that. That is nothing if we are talking about really being able to influence this employment and training system. Five hundred people cannot do much about it. There is an awful lot of work that has to be done there. Every city has to help out every prime sponsor, every PIC.

I think everyone has to monitor the block grants on their State basis and respond to that. The collaboration has to start happening with all these different groups. We are telling people they have to start marketing themselves better not only to the public but to Congress as well. We have to start this process of diversifying funding sources so it will not be only public money but private money as well. This gives rise to the question that there is a controversy of incorporation. Should they be incorporated or not? It becomes a political issue to a lot of people, but definitely you cannot raise private dollars if you are not incorporated. Right now one-third of the PIC's in this region are incorporated.

This whole brokerage role is the challenge and the hope for the title VII system has to happen a lot more. The PIC's should get involved with other CETA titles. They have to know more about their labor market than they do currently, they have to experiment more with individual businesses to try to get them to take the lead inside their businesses for disadvantaged, and they have to begin to invest the money they have for fiscal year 1982 in programs that make sense for the future in linkages with business. We have some PIC's in New England doing that. We are trying to get the other PIC's to learn from them how that works and go in that direction.

I am going to agree with what the previous speaker said in that there are an awful lot of excellent staff people in that system right now, and there are also a lot of excellent volunteers in the system right now, and a quick jump to a block grant system or a quick jump to any kind of change in the system is going to be very difficult to keep those people in with chaos. If we can take some of these same staff people and some volunteers and gradually orient them, so much the better.

Thank you.

[Material submitted by Timothy Anderson follows:]

### NAB REGIONAL GOALS

Increase the participation of New England businesses in employment and training programs for the disadvantaged.

Work with the Department of Labor in building the capacity of the New England private industry councils through the provision of training, technical assistance, information, and system coordination.

Develop and implement strategies designed to assist the business volunteers and professionals involved in employment and training for the disadvantaged to influence and to adapt to changes in this system.

Increase the collaboration among the existing public, private, and non-profit employment, training, educational, and economic development entities in each of the New England States.

Increase the participation of New England businesses in employment and training programs for the disadvantaged.

Contact at least 1,000 New England businesses and sucbeed in interesting at least 100 new businesses in participating.

Develop and implement a marketing strategy in half of the PICs with assistance from Harvard Creative Marketing Strategies Program.

Develop a broad data base of interested corporations with contacts contributed by the PICs, NAB Metros, and NAB National.

Explore the potential of the insurance industry to fund a large, NAB sponsored collaborative proposal from several PICs and Metros for a project designed to reduce youth unemployment in several cities.

Hold a regional corporate strategy planning session involving PICs and NAB's Corporate Liaisons.

Collaborate where appropriate with at least 24 state or local business organizations.

Seek and disseminate models of successful projects for disadvantaged individuals taking place in business utilizing minimal public resources.

Market Targeted Jobs Tax Credits to businesses through local PICs and through certified Public Accounts and their professional organizations.

Work with the Department of Labor in building the capacity of the New England private industry councils through the provision of training, technical assistance, information, and system coordination.

Hold quarterly meetings for the PIC Chairs and for the Directors on relevant issues and conduct an annual Yankee Swap information exchange.

Provide requested technical assistance and training as described on our "Inventory of Available Services" to three fourths of PICs; three times each.

Make site visits to the PICs twice and attend Board meetings of three fourths of them.

Provide board reorientation programs to at least half of the PICs.

Expand one fourth of the PICs span of interest to other aspects of CETA.

Assist one fourth of the PICs in consolidating with their local CETA planning and youth councils.

Disseminate appropriate information from the Department of Labor, NAB Training Materials, and PIC success stories for the PICs, and double the regional usage of the NAB Information Clearinghouse, and develop and distribute useful labor market information.

Provide technical assistance in planning, management, and evaluation systems to one fourth of the PICs with a primary focus on contingency planning and outreach so that total amount of limited PIC funding will be utilized for quality projects training disadvantaged for positions necessary to businesses.

Develop and implement strategies designed to assist the business volunteers and professionals involved in employment and training for the disadvantaged to influence and to adapt to changes in this system.

Assist the PIC's and remaining NAB Metros in incorporating and building a base of private financial support; this will be piloted by providing a full range of fund raising counsel to 4 organizations.

Develop and implement individual state strategies through state wide development meetings.

Conduct a third business policy seminar on the redesign of the employment and training system.

Facilitate and assist the CETA system in better advertising the ongoing successes and quality programs to both Congress and the Public.

Develop a model qualitative evaluative instrument to improve the performance of the PIC's.

Respond to all requests of and formally meet quarterly with the regional management of the Department of Labor.

Collaborate with the New England Council of CETA Prime Sponsors.

Monitor the implementation of this year's federal block grants in each state and attempt to extrapolate how these may impact the future of this system.

Increase the collaboration among the existing public, private, and non-profit employment, training, educational, and economic development entities in each of the New England states.

Conduct a regional economic development workshop to explore with developers and investors new potentials despite diminishing public resources.

Conduct a regional youth programs workshop to explore response to business complaints of schools not producing individuals ready for jobs.

Develop business internships for Department of Labor Federal Representatives.

Effect more cooperative and broader PIC/Prime Sponsor relationships.

Develop and implement a strategy for youth programs and linkages with each state.

Develop and implement a strategy for economic development programs and linkages with each state.

Analyze models of local systems of business influence on public decision making to determine if this has bearing on successful local employment and training system.

Mr. **Jeffords**. Thank you very much, Tim. Let me first ask, in your own specific areas, what impact have the present cuts had on your operations?

Ray, why do you not start?

Mr. **Brown**. We have been told to slow down our input gradually to come to 90 percent of our contracted capacity. We have been further told that that is a temporary measure, and that once the budget is finalized for fiscal year 1982, then we will go back to our contractor experience of 280. We have no further word on that.

Mr. **Jeffords**. How will you do that? As I remember the Job Corps funding, I do not know exactly what it is going to be yet, but it is somewhere around level funded.

Mr. **Brown**. Well, the way we have done that is we normally take a group of corps members every week. We are told that instead of taking maybe 15 to allow for the backfill to just take 7 or 10 and gradually work back toward 252, which would be at 10 percent. And again being told that that is a temporary thing, that once the budget is finalized we will then increase our input and go back to our 280 capacity, and that was as of Friday talking with the regional office.

Mr. **Jeffords**. John?

Mr. **Fitzsimmons**. Our program in the fiscal year 1981 was $5 million, and this year it will be $2.2 million. In youth programs last year we had $460,000; this year it will be $200,000. This brings us down to people. Last year we served 4,000; we will serve 2,000 this year. Again, as I said during my presentation, we do have the highest unemployment rate in New England, and we are turning people away that we could be or should be serving right now.

Mr. **Brown**. I would like to add one thing, Mr. Jeffords. As you know, when we opened, our contract was 250, and it was increased last year to 280, and even the figure that they are suggesting now would not put us below our original contract when we opened. There is a waiting list, particularly males, to get into the Job Corps in the New England area.

Mr. **Jeffords**. Tim?

Mr. **Anderson**. I would have to look at it from two different points of view. NAB itself has been cut rather substantially on a national level. It has not really affected the regional operation much because the direction that NAB has been trying to go in has been this regional idea. It has forced the closing of a lot of the metropolitan offices, which was not necessarily bad because it forces the PIC's to pick up those pieces.

It also has been an incentive to start this fundraising for NAB, to go out and raise some private dollars.

On the PIC system, the budgets have not been cut that substantially. The real issue is the rest of the system and trying to get the PIC's to understand how the rest of the system decreasing should get them to expand their role. We are right now actively helping now in four of the cities in New England. We are setting up a straight-out fundraising drive using private dollars we have raised to use at a local level to raise additional private dollars, and we are just starting that. We do not know what the potential is. How much money can you get from local corporations for this type of thing? Some of the ideas are innovative ones where you have the business just putting a bit more money in their training programs and opening them up a little more. Others are out [illegible]-out operating money, and others are special projects.

In 6 months we will know a lot more. We are just starting now.

Mr. **JEFFORDS**. Earlier we had discussion about business involvement and a feeling by at least one of the witnesses that business would not be interested in anything which was not designed toward increasing productivity within the business community rather than uplifting people in the social area. Do you agree with that?

Mr. **ANDERSON**. The opinion was that they would not be?

Mr. **JEFFORDS**. Right.

Mr. **ANDERSON**. Business is so different and diversified you can get some large group of hundreds of businesses interested in any direction you end up going, so you cannot make a clear blanket statement. I cannot either. I do know that in talking with I guess by now probably a couple of hundred representatives of individual corporations in New England that they are very interested in doing something to help out. Now, if there can be a tie-in to the productivity, if there can be a tie-in to where the labor shortages will be, especially in high tech or something, they are more interested, but they see a very real problem.

While we may disagree on various aspects of this, but throwing down this gauntlet to business, some of the businesses have picked up and said yes, we are interested in going in this direction. Now that again cannot happen too quickly. They give on yearly cycles and commit so much money a year. What we are trying to get them to do is to reserve some money for next year. It is a tough issue because they have got 500 new requests they have never had before coming across their desks, and they are not increasing the size of the pie yet. The incentives are actually diminishing from a corporate point of view for increasing charitable giving. The way the taxes are shifted for corporations it behooves them less to give money.

Mr. **JEFFORDS**. That is the next point I was going to make. If we decrease the amount of corporate taxes rather substantially if not phase it out, is it wise to rely on a continuing basis on the business community to contribute in that sense?

Mr. **Anderson**. If I had my druthers it would be a challenge to put the two together and have some kind of incentive built in, with more private involvement you could get, the more public money you could get. I think the point is right now that the system can no longer survive only publicly funded, but the point also has to be that the system cannot survive or thrive or do very much only privately. It is going to have to be a partnership.

Mr. **Jeffords**. John?

Mr. **Fitzsimmons**. As I was preparing for today I was thinking about the shipbuilding corporation that we were working with saying from the CETA system, from the Government, that was quite a bonus for them. At first I thought it was a little bad that maybe there was too much incentive for them to do business with us. Then I realized if they were not going to be working with economically disadvantaged they would not have set up their own training within our community. They would have advertised in Groton, Conn., or in Rhode Island and brought in welders. So I think it is a bridge for the economically disadvantaged to get into the labor force. I think corporate leaders are like you and I. They are concerned, but in tough times the circle gets very small and they care about their own business and their own people, and they are not about to open those doors on a major level that we are talking about, nor would we. At CETA we are very concerned about our clientele and what we are doing with them.

Mr. **Jeffords**. Larry?

Mr. **DeNardis**. Thank you. I would just ask one question of Mr. Anderson.

In outlining your thoughts about the future of Federal policy, not those of the National Alliance of Business, you talked about the consolidation of programs or at least the better interface of programs. Would you care to elaborate on that just a bit?

Mr. **Anderson**. I was presenting it as a position of the businesses that came to our policy seminars in Hartford and Boston. What they were talking about I think was three elements that stood out in my mind. You take the voc ed system and employment service and CETA and you say, well they have different portions of what should be one problem, and by being put together under one management there would be a cost efficiency in that and there would be a force from on high, cooperation, coordination, collaboration, which does in fact happen in certain States and in certain local areas, but it does not happen all over. So what they were saying was put those kind of things together.

The other element of that was if you can have some kind of incentive built in for increased collaboration if it was on an economic development side with developers or investors, or on a youth education side with the actual school system up through high school and then community college, some of the PIC's in this region have begun to explore with the school systems can they be involved in setting the graduation curriculum requirements. If you are saying from this community college that you are getting a degree in X that says that the business that knows X describes what is necessary for X, how well you have to read, how much you have to know about blueprints, how much you have to know about math prior to your being able to really graduate from that, there is some interest in that. There is some movement in that direction. That is why I was saying they think it needs some incentive

Mr. DENARDIS. In that context, was there any discussion about any other Federal programs being tied in? For example, we have the urban development action grant program, the UDAG program, which is particularly important to us in the North especially, the purpose of which is to interface public and private dollars to increase economic development in our SMSA's. In some instances it might be very appropriate to tie in the job training component with a UDAG grant. Did that come up in the course of the conversation?

Mr. ANDERSON. Yes, usually from a kind of negative point of view, that several large projects that use UDAG money did not have that linkage with the CETA system. CETA staff people or the PIC board did not know about that publicly funded project and there was not an arrangement for some of the work force being provided through CETA. That is as far as they actually went in that conversation.

Mr. DENARDIS. I want you to know that one of your PIC's in New England, the one in New Haven, my area, is interested in pursuing that with respect to a UDAG proposal which is now pending before HUD, a project known as the Owen Science Park. We think that we have a winner and we hope HUD sees it that way, but there is a unique tie-in between the retraining of workers for the Owen Science Park and what meager money the PIC has available for it.

Mr. ANDERSON. We are trying to put together for December 15 along with the New England Council of CETA prime sponsors a workshop for 1 day to bring together individual business people, investors, developers with the public sector people of the employment training system and the economic development State and local basis to start talking to each other and trying to figure out, given the new directions that the Federal Government may be going in spending what can local responses be either legislatively or just out of conscience or out of increased collaboration and cooperation. So I think we would definitely like to include that in what we are doing.

Mr. DENARDIS. We will look into it.

Mr. JEFFORDS. Thank you very much again for your excellent testimony. I appreciate the time and effort that you put into it.

I would like to point out that I just received word today that Brattleboro got a UDAG grant of $250,000.

Mr. JEFFORDS. Our prime sponsor panel is made up of Joseph Duggan; Robert McCloud, Vermont Employment and Training Office, for the State of Vermont; Lee Arnold, director of the Governor's special grants office, Providence, R.I.; Peter Spaulding, chairman of the Merrimac County Commissioners; and Mr. Francis Cole, executive director, Hartford CETA Administration, Hartford, Conn.

I understand Mr. Duggan has a time problem. Go right ahead.

## STATEMENT OF JOSEPH DUGGAN, EXECUTIVE DIRECTOR, MASSACHUSETTS BALANCE OF STATE CETA PRIME SPONSOR

Mr. DUGGAN. Mr. Chairman, members of the committee, I am Joseph R. Duggan. I am executive director of the Massachusetts balance of State prime sponsor, which is one of the largest prime sponsors in New England, and one of the largest in the country. I happen to be a founder of and the first president of the New England Association of CETA prime sponsors, but I do not represent that party's position today, nor do I have the official position of the Commonwealth, although my testimony is not in conflict with my boss, that of Secretary Kariotis, who spoke this morning.

My perspective is that of an individual who has managed employment and training programs for 16 years, beginning with the development and operating management of the concentrated employment program in the city of Boston under community action from 1968 to 1970. I joined the mayor of Boston in May of 1972 to get the city of Boston ready for what was considered to be manpower revenue sharing, and I spent 18 months getting that delivery system which started under CEP ready for what was to be a new legislative umbrella. Following the enactment of CETA I served as a director in Boston of the single city prime sponsor there for over 3 years.

Today I am and have been the balance of State sponsor for 2 years, and my challenge in coming in there was to convert a delivery system that had operated under PSE into that of a viable job training network delivery system. And it was that tenure I feel that I have built my recommendations for the forthcoming changes that reauthorizing legislation would require, and I would like to share these with you today beginning with No. 1, of paramount importance is that there continue to be a commitment of the Federal Government in serving and training effectively the economically disadvantaged of this Nation.

It was not long ago that I used to use the words "structurally unemployed." I do not use that any more, because it has become a connotation that is too loosely utilized, and we have lost the stress on what these employment and training programs are supposed to do. And that is supposed to be to serve those most in need and to take individuals that happen to be a liability in our economic and social structure and get them so that they can be competitive for the jobs that exist.

And I think to some extent we have lost that commitment. It began, with all due respect to previous legislation. It was not until the concentrated employment program that started in 1967 when we began to get a delivery system to train the economically disadvantaged in this country. The limitation was that when the program was put into existence, the original legislation was designed to help the chronically unemployed in this Nation. We lost sight of that mission through a number of circumstances beyond a lot of people's control. The downplay in our economy caused the introduction of cyclical programs, and it was not until the demonstration program called the skills training improvement program which started a few years ago where the force was put back into job training and the linkage with the private sector that the legislation called for in the first place.

Now, we have heard, and you will continue to hear, about the responsibility of this Nation to serve the dropout youth and to serve AFDC and other public assistance groups in this Nation, and I want to underscore the need for us continuing to see that as our primary mission. In addition, one population group that we do not hear enough talked about, and that is the offenders in this Nation. If you look at the economically disadvantaged or the population groups that need services more than any, as when you talk about an offender, you are talking about somebody who is young, who comes from a physically or psychologically broken home, who comes from a family with no educational orientation, who has limited or no work experience, is usually a minority, and somebody that is either a recipient of AFDC or a causal factor for a family receiving AFDC. Unless we focus on that population group, together with the others previously cited, in a concentrated way, we are going to continue to just skim the surface of what is needed in terms of a Federal employment and training system.

Another mistake that I think we are making here is in the lack of clarity of mission for CETA; we are attacking problems that do not really apply. We are not supposed to attack the global problems of employment and the economy in this Nation, not to take away from the fact that there is a need for national manpower policies, that there is a need to attack the problems relating to the labor shortages and the employment in general in this Nation. The purpose of CETA reauthorization is to continue forward, I thought, with what we started to do beginning with CEP, which was supposed to be consummated in CETA, and hopefully it will continue, and that is the way to continue to get Federal money to serve those population groups who need it most, and without that Federal money those populations would not be served.

The States and localities either do not have the motivation or the resources to attack that population group's problems, and I hope we never forget that.

When we get into the area of consolidation, it is my opinion that it would be a mistake if we were to venture forth to attempt to consolidate what are separate disparate missions of the vocational education system in this country which primarily has the mission of educational development of youth, which is a program or a network of programs decentralized through the school system, whether they be local school systems or regional community colleges or schools of higher education. Educational development is their primary mission, and they have not been, in general, as a primary focus involved in employability training for the economically disadvantaged.

Second, when it comes to the employment service, whose mandate has been and continues to be labor exchange and unemployment compensation, I think again it is a mistake to think that one can merge the missions of those three entities. The least of what it will do is cause the dilution of whatever efforts are there now to serve the economically disadvantaged, because serving the economically disadvantaged has always been done by what I would refer to as maverick approaches in this Nation. CETA is not an established institution. The employment service has been the vocational educational system, has been and continues to be. Those are two strong independent turfs with primary missions. CETA has really never had that stabilized support. It happens to be the only means through which we have in this Federal Government the way to reach out to serve the economically disadvantaged. So I think it would be a sad mistake for us to consider the possibility at this time of trying to merge those three separate missions.

Certainly there is a need for interdependence. Certainly there is the need for dealing with ways in which the three can work together in certain areas. In the area of upgrading and retraining, to be specific, that is not a mandate that I do not think CETA should have had. CETA's mandate is to find the economically disadvantaged and to help them to be competitive for the jobs that open as a result of upgrading and retraining programs for the entry-level positions that result.

Upgrading and retraining relates to experienced workers. The experienced worker has not been and should not be the mandate of the Federal employment training system I think we should be talking about.

When it comes to the dislocated worker and the shutdowns of plants or industries, that is not a CETA problem. It is a problem far more global and requiring far more expertise and resource development than the CETA reauthorizing legislation could ever deal with.

Now, about the present CETA legislation. In my estimation any reauthorizing legislation must change the present structure under which we now operate. The prime sponsor system in this country is not adequate for the challenge ahead, and that is a rather controversial statement coming from me, a prime sponsor director. Where I am advocating a change, and the reasons I am advocating a change are severalfold:

One, we have approximately 500 administrative entities in the United States today through which employment and training programs are delivered.

When you take the 450-some-odd prime sponsors and all the 50 States involved as well as those prime sponsor balance of State's prime sponsors that have subgrantee jurisdictions each of which require independent administrative authority in their own fiscal and management superstructures, we are talking about a tremendous drain of limited resources for administrative and management purposes.

Now, I am a firm believer in decentralization. As somebody would say, that is the price you pay for decentralization, and I would say that that is not apropos any more, and the reason why it is not apropos is because when public service employment was eliminated in our delivery system, a good portion of the prime sponsors and subgrantees that operate in the United States today lost the viable infrastructure that they had for operating.

Now, when we go back, the legacy that CETA has for the future is a job training infrastructure. And if one does not have a job training infrastructure to operate, one does not have the means to which you can justify a management, administrative superstructure above it.

And when we look at the situation we have in the United States today, those large urban areas that have concentrated employment programs in place prior to CETA being enacted, those delivery systems were absorbed under CETA, and it is generally those large urban areas that either had an employment and training delivery system in place before CETA came into existence or those that had the good fortune under the CEP program to build that infrastructure. Those are the only ones that have an infrastructure today.

Too many of the subgrantees and prime sponsors in this Nation, because of the preorientation and commitment to public service employment, never built a comprehensive employment and training structure. And as a result, we have over 500 administrative entities that are not needed here. And the cost of maintaining that system alone does not make it worthwhile to continue. It does not relate to the system that we need in the future.

Second, we made the mistakes we always have in the past and I hope we don't do in the future of being panacean by throwing all the responsibilities and accountability for a very sophisticated employment training delivery system and putting it in the hands of chief elected officials alone and having them sink or swim.

Romancing them in the earlier years when public service employment was in vogue, but then with the reauthorization in 1978 and the amendments almost dumping completely without any shared accountability on the part of anyone else for maintaining this kind of very complex human development system and I think it is about time we learn from that.

In my experience with chief elected officials, and I think the State of Massachusetts is like a microcosm of the Nation in that we have subgrantees that are urban, rural and suburban, most chief elected officials don't even feel that they should have the responsibility of managing an employment and training delivery system that is job training-oriented and one that has to have as its mission serving the significant segment of the economically disadvantaged.

There are lots of justifiable reasons for chief elected officials feeling that way.

But I think most of the chief elected officials want an employment and training delivery system to serve their area and they want to be involved in it.

They want to be part of the accountability and share in the responsibility for managing it.

I think one of the changes that we have to make in the new legislation is to have governing boards consisting of the partnership principle of public officials, the private sector, industrial organizations, organized labor and community-based interest groups whose client group represents the groups that they have to serve in any delivery system—these boards serve as a dynamic team for managing in a governing, not an advisory way, an employment and training delivery system in this Nation.

Now, the system that I would propose that this Nation consider as the means to the end of having a changed employment and training delivery system that is job-trained-oriented, that nurtures the delivery system in place—that is one point I do want to mention.

Changing a legislative and administrative umbrella does not mean you have to change the infrastructure that is there. I think it is essentially important that we continue to nurture that training system that is out there.

The vehicles of delivery that are in place, no matter what prime sponsors we're talking about, whether they happen to be skill centers that are billed and operated under CETA, whether they happen to be regional vocational technical schools or community colleges or community-based organization entities like Opportunities Industrialization Centers (OIC).

The network is out there and we have to nurture it and superimpose a new legislative administrative umbrella that will nurture that system so that it will continue to do what it has done fairly well under very great constraints.

What I would propose for this Nation to consider is the establishment of regional employment and training authorities.

The Federal legislation would mandate that each State in the Nation create regional employment and training authorities that have a governing board of the partnership participants that I mentioned.

The regional authorities would be accountable and responsible for the receipt and disbursement of funds. They would hire their own staff and they would make use of the infrastructure that is there. The Federal Government would give the money to the States

Now, I realize that it is a controversial point, but the Federal Government would give the money to the States and would have a check and balance that would insure decentralization throughout the State.

And there are two very effective checks and balances. No. 1 is through an allocation formula. The money would go to a given State and the State would be mandated to create regional employment and training authorities and would be mandated to disburse funds according to that allocation formula.

And a Governor of any State must appoint the regional employment and training authority governing board according to Federal law.

There could be no whimsical decisionmaking on the part of a Governor as to who should and should not be on that governing board and the State would have the responsibility of oversight of those regional employment and training authorities within that State.

And the Federal Government's role would be limited to that of the allocation formula, the composition of the board, and the oversight required of the States so there would be 50 grants from the Federal Government to the States and the States in turn would have to create those regional employment and training authorities and I can give you a Massachusetts example of what I think it would result in.

As it is now——

Mr. JEFFORDS. Excuse me. Would you give us the example, but make it somewhat brief.

Mr. DUGGAN. Thirty seconds.

Mr. JEFFORDS. All right.

Mr. DUGGAN. In Massachusetts now, we have 12 subgrantees and 11 prime sponsors, plus the State oversight. So you have approximately 25 admininstrative mechanisms with a regional employment and training authority approach, you would have 6 to 8 at the most that could govern the employment and training delivery system that would be centralized and focused in to serve the economically disadvantaged.

Now, you are going to hear various testimony as you have heard in other parts of the country, different perspectives and I think what is important here is that all of us recognize that we're dealing with a very difficult process when you are talking about a complex system for human resource development.

Any system we create is going to be important. I think what is important here is that we learn from the past that this is an evolutionary process and we should learn from the experiences of the past and grow on that and go forward with a very solid commitment to serve the economically disadvantaged and chronically unemployed of this Nation.

Thank you very much.

[The prepared statement of Joseph Duggan follows:]

### PREPARED STATEMENT OF JOSEPH R. DUGGAN, EXECUTIVE DIRECTOR, MASSACHUSETTS BALANCE OF STATE CETA PRIME SPONSOR

#### INTRODUCTION

Honorable Chairman and members of the subcommittees, I am Joseph R. Duggan, executive director of the Massachusetts balance of State CETA prime sponsor which is the largest in New England and one of the largest in the country. I am grateful for the opportunity to present my professional and personal views as part of your efforts to review and make recommendations concerning the future of the employment and training system in the United States.

At the outset let me state that although I was a founder and the first president of the New England council of CETA prime sponsors, I am not appearing here today representing that organization. Nor am I here to present the official position of the Commonwealth of Massachusetts. Rather, the perspective of my testimony is that of a professional who has directly participated in the evolution of our employment and training system over the past sixteen years.

During that time I helped develop the concentrated employment program for the city of Boston and served as director of that program at the community action agency which administered it (ABCD, Inc.) for 2½ years. In May, 1972 I was hired by the mayor of Boston to help that city get ready for manpower revenue sharing. During that 18 month period prior to the enactment of CETA I was involved in the challenge of absorbing an existing delivery system under the auspices of a new legislative umbrella. Upon the enactment of CETA I became that single city prime sponsor's director and served in that capacity until July, 1977. For the past 2½ years I have had the challenge of converting the Massachusetts balance of State prime sponsor subgrantee system from one of a public service employment/work experience mode of operation into that of a viable training delivery system. Throughout that system of employment and training evolution, I have experienced at the local level all the ramifications that change has brought to the system, and I have formed some opinions about the need for reauthorizing legislation and what changes it should effect. I would like to share these with you today.

Of paramount importance to the reauthorization process is the continuance of a commitment to a federally funded and decentralized delivery system to serve the economically disadvantaged of this Nation.

Four issues are important here. First, the need to continue to serve the economically disadvantaged exists. Poverty has not gone away. Recent evidence shows that, in the absence of income maintenance and manpower programs, little inroad would have been made in improving the economic position of those at the bottom of the income scale.

Second, the CETA system has been successful in its mission. Over nine million people have been diverted from welfare, UI, and other income maintenance programs as a result of CETA training programs that have placed them into jobs and other job-training opportunities.

Third, without Federal funding and a Federal presence in employment and training for the economically disadvantaged, history reveals that the need will not be met. States and localities simply do not have sufficient resources and motivation to provide this needed activity.

Finally, decision-making authority and the delivery of services must remain at the local level to ensure that employment and training activities best reflect the needs of the local labor market.

Reauthorization legislation must not be regressive, but instead recognize the evolutionary nature of employment and training over the past 15 years.

Reauthorization must embody the experiences and strength of the CETA ERA and translate them into an employment and training system that provides training for those individuals who face severe barriers to employment, and enable them to access entry-level jobs in locally expanding occupations.

Employment and training legislation has consistently evolved and developed over the past 15 years. A major development occurred with the inception of the Comprehensive Employment Program (CEP) in 1967 which was the first attempt to create a comprehensive delivery system and infrastructure for employment and training programs targeted to the economically disadvantaged. The major limitation of the CEP program, however, was that it only reached 50 to 60 selected large urban and rural areas throughout the Nation.

When the Comprehensive Employment and Training Act (CETA) was passed, a legislative umbrella for a nationally funded, decentralized delivery system that reached every corner of every State in the Nation was created. CETA was designed as a comprehensive program to meet the employment and training needs of disadvantaged citizens. With the downturn in the economy that occured simultaneously with the passage of CETA, however, Congress gave CETA the additional (and all-consuming) responsibility of managing counter-cyclical public employment programs which were designed not for the economically disadvantaged, but for temporarily unemployed individuals, displaced by the sagging economy. The focus of CETA thereafter remained counter-cyclical, and a comprehensive program to serve the economically disadvantaged was never able to form.

This legislation should not address the global programs of unemployment or labor shortages in this country. It should, instead, clearly address the issues of employment and training for those population subgroups who, without this assistance, would continue to be an economic and social liability to this Nation.

No longer can we afford to be diverted from our original mission, CETA is not a counter-cyclical program, nor is it an economic development activity. While CETA training programs could serve as a resource that would feed into economic development projects, its primary mission is not job creation, but rather to prepare its participants to become competitive members of the labor market.

Similarly, it is not the purpose of CETA to deal with the problems of the dislocated worker. In the area of upgrading and retraining, the role of CETA is merely to provide trained workers to replace those being upgraded from entry-level positions.

Because each has a separate mission and client population, it is not appropriate to consider the consolidation of Wagner-Peyser, vocational education, and CETA legislations into one system with a single purpose.

CETA alone serves the economically disadvantaged and trains them to become self-sufficient members of the labor force. While the State employment service and vocational education systems (and others) have been important as supportive structures in serving the economically disadvantaged, their missions have never been oriented towards serving this population group. The employment service is a labor exchange mechanism and does not have the mandate or funds to engage in human resource development. Similarly, vocational education stresses the educational development of the individual and is thereby not designed to serve those who have dropped out of the mainstream educational system. While both these systems are able to divert a portion of their funds to provide CETA-like services, it is not their primary mission to do so. Furthermore, efforts in these directions merely serve to dilute the core purpose of these programs. A far more rational approach is to coordinate the efforts of separate programs to achieve overlapping goals.

The existing CETA legislative and administrative umbrella is not adequate to foster an efficient and effective decentralized employability development delivery structure targeted to the economically disadvantaged.

With the exception of those urban and rural prime sponsors who inherited the experience and resources of the concentrated employment programs, most of the remaining prime sponsors were molded under a public service employment mode of operation and have no job training infrastructure. This is especially true of balance of State prime sponsors whose subgrantees have consisted primarily of suburban committees and medium sized cities that had not prior experience to CETA in training and placing the economically disadvantaged into private sector jobs. The advent of the skill training improvement program demonstration did result in the development of job training infrastructures in some additional prime sponsors and subgrantees, however, the net effect was not all embracing.

The deemphasis and eventual elimination of public service employment as a CETA activity has resulted in a growing concern of chief elected officials responsible for prime sponsor and subgrantee jurisdictions that they should not be invested with the authority and accountability of a job training system and one that is targeted to primarily serve a significant segment of the population. It is my contention that all would want to have an employment training delivery system to serve their areas and one in which they would have involvement but not sole accountability.

Any new legislation must provide for the creation of a decentralized governing body that shares accountability and responsibility for the receipt and expenditure of Federal funds granted for this purpose.

Reauthorization legislation must modify the existing prime sponsor mechanism for management oversight of localized delivery systems by mandating the creation of regionally decentralized governing bodies with the membership of each sharing accountability and responsibility for the receipt and expenditure of Federal funds allocated for this purpose. These governing bodies should be created in the spirit of partnership, and whose composition should include chief elected officials of major cities/counties within the region of governance, representatives of large corporations and small business, representatives of business organizations and relevant Government bodies, representatives of organized labor, and representatives of constituency groups whose population represent significant segments to be served by the system.

Reauthorization must encourage the continuation and nurturing of the existing delivery vehicles in each State that have demonstrated successful experience in the employability training of the economically disadvantaged.

As the CETA umbrella incorporated the effective delivery vehicles created under the concentrated employment program, the new legislation must recognize the existence of an even larger job training infrastructure located within each State and around which the new governance structures must be created. However, the legislation must not be prescriptive in the selection of localized service. Delivers, and allow the regional governing bodies within each State to network those successful vehicles of delivery operations within their jurisdictions.

Reauthorizing legislation should provide for a larger proportionate share of limited Federal funds reaching the service delivery level. The present prime sponsor subgrantee management structure requires the utilization of large percentages of CETA allocations for nonprogram purposes. These funds, together with those required by the U.S. Department of Labor for oversight of the CETA system represent an enormous drain on the funds allocated by the Congress for the operation of an employment training system.

The needed redistribution of Federal funds to the operation level can only occur with a redesign of the oversight/management structure mandated by the existing CETA legislation.

As a means to achieve this end, the national employment and training system should be one in which the Federal Government, through the U.S. Department of Labor, awards funds to all the States to establish regional employment and training authorities as the mechanism through which employment and training services for the economically disadvantaged are provided.

I propose establishing through Federal legislation and enabling legislation in each State, a network of regional employment and training authorities (RETA's), or labor market commissions, with governing, not solely advisory powers in every State. These quasi-public entities would insure the continuation of the commitment of the Federal Government's investment in serving the economically disadvantaged by creating the most efficient and effective structure to deliver employment and training services to that population. RETA's would reduce the number of administrative entities, thereby maximizing resources. Further, RETA's would link the management structure with the existing service delivery infrastructure, ensuring an effective networking of programs directly serving clients. Also, regional employment and training authorities are a logical outgrowth of the positive CETA experience, merging government, private sector and community based organizations with a dynamic management team, demanding closer cooperating and collaboration with state agencies necessary for the success of our mission.

The proposed model will permit the evolution of a decentralized system, recognizing that labor market areas within a State differ in the composition of their labor force, in the character of local institutions, and in the degree and nature of unemployment. Local and regional decisionmaking allows program managers to operate employment and training programs which best correspond to the needs of clients and employers within their respective jurisdictions.

The proposed structure of a network of RETA's would revolve around the establishment of Federal legislation clearly stating the roles of government at the State and Federal levels. The Federal Government would, following enactment of legislation, develop guidelines to the States governing the composition and appointment of

RETA's, develop an allocation formula and dispense Federal funds to the States, and maintain an oversight capability to monitor the States' compliance with Federal law.

Following enabling legislation in each State, the Governors would appoint the members of each regional authority, directed by the Federal law and U.S. Department of Labor guidelines governing composition and appointment of RETA's. The Governor or his designee, would maintain a modest State office to allocate the Federal funds by formula to the regional entities. An advisory body similar to the present state employment and training council would act as a linkage mechanism for the various RETA's. In addition, a portion of the State's Federal funding would be retained by this State office to fund certain Statewide programs involving all the RETA's.

The regional authorities would be established within regional labor market areas, allowing major cities with a population of more than one half million, to constitute a regional employment and training authority. Governing authority and accountability would be vested in the RETA, and the RETA would be the vehicle to manage the direct services for that region. The service delivery system would consist of those vendors of service who have demonstrated experience and success in managing employment and training programs for the economically disadvantaged. These vendors may vary from region to region. . . . CETA skills centers, vocational education schools, community based organizations. The major advantage of this proposal is that it builds upon the vast experience of the past 15 years, and eliminates the need to build a new service delivery system.

To illustrate how this approach would reduce administrative overhead and maximize scarce program funds, the Commonwealth of Massachusetts would move from its current 10 prime sponsors and 12 balance of State subgrantees to a maximum of six to eight regional employment and training authorities. This change would increase substantially the proportion of total funds available for program dollars, with the net effect of increased services to the economically disadvantaged.

## CONCLUSION

As these hearings progress, the Members of Congress will hear many different and varied recommendations about the future course of the employment and training system in this Nation. We recognize that human resource development is a complex undertaking and that any system designed is imperfect. Because we are not dealing with an exact science, it is through experimentation and experience that we continue to grow. Therefore, we must not abandon the long established and proven service delivery mechanism. One common thread which must be heard throughout this reauthorization process is the advocacy for continued efforts in the employment and training of economically disadvantaged citizens.

Mr. **Jeffords**. Thank you very much.

## STATEMENT OF FRANCIS COLE, EXECUTIVE DIRECTOR, HARTFORD CETA ADMINISTRATION

Mr. **Cole**. Good afternoon, Mr. Chairman, my name is Frank Cole, I'm director of the Hartford Consortium, Employment and Training Administration.

I'd like to address nine areas of interest within the CETA reauthorization. The major thrust of what I have to say is with structure and management, rather than specifically program content.

First, a few prefatory remarks.

CETA reauthorization should focus on simplicity and pragmatics. First is simplicity. Simplicity in goal, structure, program, and process. This simplicity should permit the many actors a clear and cogent understanding so essential to its achieving its objective.

Second, the reauthorization should also focus on pragmatics, what can be done. What can be delivered. What can achieve results. Pragmatics must also be viewed both from the political environment in which the system must operate.

Only through a straightforward and practical system can we perform and produce.

If I may, I'd like to highlight some of these items that I have here. The first issue deals with the objective of CETA and the skill development program.

First of all, what is a skill development program? To me, it is a prefatory phase in the labor exchange process and, as such, it is an economic program that increases the quantity and quality of the labor force.

Second, and coincidentally, it is a social program that develops and promotes self-sufficiency. But an objective, by definition, is that at which something is aimed or directed. Therefore, the objective of the program is to increase the employment and productivity of the economically disadvantaged and unemployed.

The second issue, overall structure. The organization through which to increase employment and productivity must be structured in a manner that permits clear singular responsibilities and focus.

Thus, it must be functionally decentralized. Each level and/or unit must be accountable for a distinct and limited function within the process.

It may be important to state what each group doesn't do. This organizational structure must not allow the fragmentation and redundancy that currently prevails in the labor intervention process.

The Federal level must focus on policy and goals. The State, or other intermediary level, should focus on compliance and coordination. And finally, the prime sponsor on the planning operations and performance.

The third issue is funding allocation. Funding should be formulated at the Federal level and allocated directly to prime sponsors. The Federal Government should only set broad policy and goals.

Any special interest or target should not be nationally imposed into local allocated funds. Otherwise, it is national program run locally, not a local program run locally.

Policymaking should, however, not be confused with the administration. Empirical evidence has amply demonstrated the pitfalls when policy and administration are confused.

An intermediary, or State level, may be necessary for administrative and compliance purposes, but that entity should not alter or redirect the local funds.

Its purpose is to insure compliance with the policy and regulatory guidelines as set forth on the national level.

The local prime sponsor is directly accountable for increasing employment and productivity. Authority should be commensurate with accountability. The prime sponsor should have the latitude to manage the goals, process, and the delivery agents within the local environment.

The fourth issue, local structure. The concept of singular focus should be continued into the local delivery structure. Again, each function should have a clear understanding of what is expected—output—from them.

Each functional entity, however, should not be multipurposed. It is advantageous to have groups do what they do best.

Attached to this particular report is several areas of responsibility so I won't get into it.

Fifth issue, local council. There should be two separate, but complementary councils. First is the policy group—that local geopolitical authority. Second is the advisory group that reviews and evaluates plans and performance.

The policy group must consist of the responsible public parties in the local geopolitical area. This is first and foremost a public program.

The guarantee of equity, therefore, is essential. The group may add to or delegate some authority, but never the responsibility. The advisory group should consist of membership from areas that are knowledgeable of, and have experience in, both the labor exchange process, as well as the particular participant problems and opportunities that must be addressed before entering that process.

The private sector must play a prominent role in the advisory group. It is important to understand that the 90-plus percent of the current labor exchange process is run by the private sector not government.

The sixth issue is private sector involvement. Why? Because they currently operate by far the largest direct and customized skill training program in the country. They spend about $40 billion per year for their specific needs.

Their positive enrollments and employment rate infinitely exceed CETA's. This success also suggests that they have some experience in how to design and deliver programs, as well as recruit, select, and match people to jobs.

It is, therefore, critical to get their commitment to Federal job effort. Commitment will logically follow the participation.

The private sector should also be involved in policy formation, local labor assessment and the design of how participants will be prepared for jobs.

More importantly, they identify with, and have a proprietary interest in the solution. A partnership must be explicitly spelled out where there are mutual benefits to the parties of any partnership.

Seventh issue, program design. There should be one single training program. One title only. Within this program should be the capability to identify all attendant target groups—a participant characteristics report.

These target groups should be directed related to their respective incidences within the local eligible population. Youth would then be served, as they are now, under training.

The private sector, or title VII, would also be a part of the total training pool. Reports should not be isolated by delivery agents, or category of activity.

The current title separation veils the real performance by groupings. Attachment B documents the fact that, youth are served under six current titles, under current design, 43 percent of the title II BC participants in Hartford are youth, and that over 30 percent of those served in all titles meet the youth eligibility.

However, you may want to distinguish between in-school and out-of-school youths. This can be done on a separate characteristics report.

Obviously, the youth programs are 100-percent youth, which gave us a total of 63-percent youth. I'm just using it as an example of how it should be used without getting into administrative headaches.

A single program would eliminate the several overlapping eligibility criterias and simplify performance measurement. Furthermore, reporting requirements must be cut dramatically.

The eligibility criteria must include unemployed along with the economic disadvantaged. Both lack the appropriate skills necessary for employment. The disadvantaged lacked because of a variety of barriers, and the unemployed now lack because of diminished skill value due to industry competition, technology, relocation or a host of other reasons.

Both are not employed or productive. Both need the support, assistance, and training to become employed and productive.

Equally important is the development of a permanent labor market attachment. This is the means to the end [a job]. The attachment is still there in the case of the unemployed, but not in the economically disadvantaged.

Once both are again employed, it is paramount that the participants be shown, identify with and enter into a process through which any future unattachment can revert into attachment.

This is why it is so critical for the State employment service agencies to be the entry, linkage, and attachment point into the labor exchange process.

I'm suggesting, for example, that they are not in the entry, eligibility, assessment process, but, in fact, are grants managers wherein everybody does the things that they do well.

This entry point can then be instilled into participants long after there is, or they are eligible for a skills development program.

And the last issue is performance standards. A simple question, were we effective? Did we do the right things? Did we achieve results? Did we employ participants?

These are the important questions. Simply stated, our performance results are measured by employment-placement-jobs. All other results are incomplete [still in program] or not employment.

All other considerations really address the issue of efficiency—or do the things right. Whether the job was a direct or indirect placement is irrelevant. Did he get a job?

It is more a measure of efficiency [how] than effectiveness [what]. The fact that the job was in the private or public sector is a matter of the local marketplace and its interacting economy, but again of efficiency. The cost of getting the job is a degreed measure success, getting the job is a measure of success. Cost is a measure of efficiency.

Whether he got the job is the really crucial issue.

[The prepared statement of Francis Cole follows:]

## Prepared Statement of Francis J. Cole, Director, Hartford Consortium, Employment and Training Administration, Harford, Conn

### PREFACE

CETA reauthorization should focus on simplicity, and pragmatics. First is simplicity. Simplicity in goal, structure, program and process. This simplicity should permit the many actors a clear and cogent understanding so essential to its achieving its objective.

Second, the reauthorization should also focus on pragmatics. What can be done. What can be delivered. What can achieve results. Pragmatics must also be viewed both from the political environment in which the system must operate.

Only through a straightforward and practical system can we perform and produce.

## OBJECTIVE OF CETA

First, what is an employment and training program? It is a preparatory phase and integral component of the labor exchange process within the economy of the country. It fosters and assists in an attachment to the labor market. As such, it is an economic program; an economic program increases the available quantity and quality of the labor force. Second and coincidentally, it is a social program that develops and promotes self-sufficiency, and thus improves the individual and collective quality of life. But an objective, or goal is that at which something is aimed or directed. Therefore, the objective of the program is to increase the employment (and productivity) of the economically disadvantaged, and unemployed.

## OVERALL STRUCTURE

The organization through which to increase employment and productivity must be structured in a manner that permits clear singular responsibilities and focus. Thus, it must be functionally decentralized. Each level and/or unit must be accountable for a distinct (and limited) function within the process. It may be important to state what each group doesn't do. This organizational structure must not allow the fragmentation and redundancy that currently prevails in the labor intervention process. The Federal level must focus on policy and goals. The state, or other intermediary level, should focus on compliance and coordination. And finally, the prime sponsor on the planning operations and performance.

A prospective delineation of responsibilities may include the following: Federal level (policy) establish laws regulations; formula allocation; policy recommendation; policy interpretation; set compliance and performance standards; national projects; impact analysis/assessment; and goal/performance achievement.

State level (compliance) inter-agency linkages; intake-eligibility; assessment-referral; non-sponsor areas; administrative compliance; and regulatory compliance.

Prime sponsor (operations) labor market needs; set local policy and goals; program design; grants management; and performance reporting.

## FUNDING ALLOCATION

Funding should be formulated at the Federal level and allocated directly to prime sponsors. The Federal Government should only set broad policy and goals. Any special interest or target should not be nationally imposed into local allocated funds. Otherwise it is national program run locally not a local program run locally. Policy making should, however, not be confused with the administration. Emperical evidence has amply demonstrated the pitfalls when policy and administration are confused. An intermediary, or State level, may be necessary for administrative and compliance purposes. But that entity should not alter or redirect the local funds. Its purpose is to ensure compliance with the policy and regulatory guidelines as set forth on the national level.

The local prime sponsor is directly accountable for increasing employment and productivity. Authority should be commensurate with accountability. The prime sponsor should have the latitude to manage the goals, process and the delivery agents within the local environment. Correspondingly, those not accountable should not have the power to intercede, or interrupt local activities and prerogatives.

## LOCAL STRUCTURE

The concept of singular focus should be continued into the local delivery structure. Again, each function should have a clear understanding of what is expected (output) from them. Each functional, entity, however, should not be multipurposed. It is advantageous to have groups do what they do best. Attachment "A" identified suggested areas of functional responsibilities.

It is elementary that the public sector be responsible for the equity issues, and that the private sector be responsible for the local employment needs. Both parties are not only carrying out their customary roles in society, but in fact are again doing what they each do best. The legal and customary roles are the natural base for a public/private partnership.

## LOCAL COUNCIL

There should be two separate but complementary councils. First, is the policy group that local geopolitical authority. Second is the advisory group that reviews and and evaluates plans and performance. The policy group must consist of the responsible public parties in the local geopolitical area. This is first and foremost a public program. The guarantee of equity, therefore, is essential. The group may add to or delegate some authority, but never the responsibility. The advisory group should consist of membership from areas that are knowledgeable of, and have experience in, both the labor exchange process, as well as the particular participant problems and opportunities that must be addressed before entering that process. The private sector must play a prominent role in the advisory group. It is important to understand that the 90 plus percent of the current labor exchange process is run by the private sector (not government). That part of the process works. Therefore, at least half of this membership should be from the private sector. The other half of this group should include those who reflect the agencies within those functions necessary to achieve intake, training, marketing and finally, employment. This advisory group should continually monitor the changing local employment needs, its participant capabilities and ensure that the process is continually adjusted so that matches between industry needs and participants wants are met.

## PRIVATE SECTOR INVOLVEMENT

Why? Because they currently operate by far the largest direct and customized skill training program in the country. They spend $40 billion per year for their specific needs. Their positive enrollments and employment rate infinitely exceed CETA's. This success also suggests that they have some experience in how to design and deliver programs, as well as recruit, select and match people to jobs. It is therefore critical to get their commitment to Federal job effort. Commitment will logically follow the participation and detailed involvement by the private sector.

The private sector should also be involved in policy formation, local labor assessment and the design of how participants will be prepared for jobs.

Importantly, they identify with, and have a, proprietary interest in the solution. They should be given the authority, commensurate with their participation. A partnership must be explicity spelled out where there are mutual benefits to the parties of any partnership.

## PROGRAM DESIGN

There should be one single training program. One title only. Within this program should be the capability to identify all attendant target groups (a participant characteristics report). These target groups should be directly related to their respective incidences within the local eligible population. Youth would then be served, as they are now, under training. The private sector would also be a part of the total training pool. Reports should not be isolated by delivery agents, or category of activity.

Correspondingly, achievement for all targeted groups must be evaluated in one place (or report). However, the levels or steps (and their associated goals) to employment should be identified so that progress can be weighted.

The current title separation veils the real performance by groupings. Attachment "B" documents the fact that, youth are served under 6 current titles, under current design, 43 percent of the title II BC participants are youth, and that over 30 percent of those served in all titles meet the youth eligibility. However, you may want to distinguish between in-school and out-of-school youths. This can be done on a separate characteristics report. A single program would eliminate the several overlapping eligibility criterias and simplify performance measurement. Furthermore, reporting requirements must be cut dramatically.

## ELIGIBILITY

The eligibility criteria must include unemployed along with the economic disadvantaged. Both lack the appropriate skills necessary for employment. The disadvantaged lacked because of a variety of barriers, and the unemployed now lack because of diminished skill value due to industry competition, technology, relocation or a host of other reasons. Both are not employed or productive. Both need the support, assistance and training to become employed and productive.

Equally important is the development of a permanent labor market attachment. This is the means to the end (a job). The attachment is still there in the case of the unemployed, but not in the economically disadvantaged. Once both are again employed it is paramount that the participants be shown, identify with and enter into a process through which any future unattachment can revert into attachment. This is why it is so critical for the State employment service agencies to be *the entry*, linkage, and attachment point into the labor exchange process. This entry point can then be instilled into participants long after there is, or they are eligible for a skills development program.

### PERFORMANCE STANDARDS

Were we *effective*? Did we do the right things? Did we achieve results? Did we employ participants? These are the important questions. Simply stated. Our performance results are measured by employment—placements—jobs. All other results are incomplete (still in program) or. not employment.

All other considerations really address the issue of efficiency—or do the things right. Whether the job was a direct or indirect placement is irrelevant. It is more a measure of efficiency (how) than effectiveness (what). The fact that the job was in the private or public sector is a matter of the local market place and its interacting economy, but again of efficiency. The cost of getting the job is a degreed measure success, getting the job is a measure of success. Cost is a measure of efficiency.

The only vaible measures are: entered program, currently enrolled, terminations and employment.

Any rational human would have a problem in measuring a prime sponsor's performance based on the current Department of Labor quarterly reports in attachment "C". There are 27 pages with: 10 separate programs, 3 separate levels, and 1,682 actual numbers. Performance can be a carrot or a baseball bat. When such profusion of numbers exist, it give license to any group to interpret the statistics to any ends, and not necessarily the programs.

What the public sector needs is a basic understanding of the goals and applications of performance measurement. Thereafter it should prescribe a judicious and sensible structure to attain these goals. To measure everything, as in the quarterly reports, is to measure no (one) thing.

### ATTACHMENT A

Public officials—Policy—Purpose, performance, guidelines, clients served, and fiscal/audits.

Private/public—Plan—Labor market goals, evaluation, impact, and effectiveness.

Prime/sponsor—Administrative—Goal, performance, management, delivery process, operations monitoring, and performance reporting.

State Employment Service—Entry—Outreach, recruit, eligibility, assessment, and referral.

Private/public—Training—Employers, unions, education, and community based organizations.

Private sector—Marketing—Image building, local needs definition, training design, tax credits, and job development.

State—Compliance/linkage—Regulatory compliance, economic development, vocational education, enterprise zones, higher education, Department of Labor, and task forces.

### ATTACHMENT B

YOUTH SERVED BY TITLE FOR FISCAL YEAR 1981

| Title | Total served | Youth served | Percent of total | Youth 14–15 |  | Served by 15–19 |  | Age group 20–21 |  |
|---|---|---|---|---|---|---|---|---|---|
|  |  |  |  | No. | Percent | No. | Percent | No. | Percent |
| II–BC | 1,905 | 824 | 43 | 235 | 12 | 363 | 19 | 226 | 12 |
| II–D | 277 | 90 | 32 |  |  | 53 | 19 | 37 | 13 |
| VI | 141 | 24 | 17 |  |  | 12 | 8.5 | 12 | 8.5 |
| VII | 325 | 269 | 83 | 1 | — | 153 | 47 | 115 | 53 |
| Total | 2,648 | 1,207 | 46 | 236 | 20 | 581 | 48 | 390 | 32 |
| YETP | 1,020 | 1,016 | 100 | 374 | 37 | 629 | 62 | 13 | 1 |
| YCCIP | 82 | 82 | 100 |  |  | 81 | 99 | 1 | 1 |
| Grand total | 3,750 | 2,305 | 61 | 610 | 26 | 1,291 | 56 | 404 | 18 |

Mr. **Jeffords**. Thank you, Mr. Cole.

Mr. DeNardis has to leave and I wanted him to have the benefit of your testimony. I have some maple sirup as a momento for you, also. As we have heard, the testimony has been superlative. I really appreciate your being here to help us with the hearings and also to become knowledgeable on this area.

Mr. **DeNardis**. Well, I want to say that upon reflection of the last 5 hours or so, we have heard spokesmen from five States from a variety of different positions in both the public sector and the private sector in the employment and training field.

And I think as I am recalling testimony, and I apologize for the three of you whom I won't hear, but I have your testimony and I will read it.

But surprisingly, there is a common thread which is running through a lot of this testimony in terms of the problems in the field and suggestions for improving and strengthening the Federal role in employment and training and it's been very helpful to me personally and I must say, Jim, that it's been the best public hearing on this subject that I have participated in.

In Washington, we get representatives to speak. Here we have gotten practitioners and it's been very, very useful testimony.

I thank you all very much.

Mr. **Jeffords**. Just so I won't feel lonesome, I will ask the staff to come forward. They do most of the work, I guess, so I will ask them to come forward.

Beth Buehlmann of my staff and Susan Grayson, representing the majority staff.

Mr. Spaulding, why don't you proceed.

## STATEMENT OF PETER SPAULDING, CHAIRMAN, MERRIMACK COUNTY COMMISSIONERS, CONCORD, N.H.

Mr. **Spaulding**. Thank you, Mr. Chairman. I am sorry that Mr. DeNardis had to leave.

My name is Peter Spaulding. I am serving my sixth term as an elected public official in Merrimack County.

The Comprehensive Employment and Training Act (CETA) has acted as a safety net for local governments in New Hampshire and more specifically Merrimack County. Local governments in New Hampshire are responsible for providing public assistance to those who are poor and unable to support themselves.

A viable employment and training capability is necessary at the local level if we are to continue fulfilling our statutory and moral responsibilities with decreasing Federal and State assistance.

It is commonsense as well as sound economic policy to invest in training programs to develop job opportunities rather than entitlement payments which tend to create dependency.

CETA has already sustained approximately a 60-percent cut from its level of 2 years ago. With the elimination of public service employment in both title IID and title VI, further reductions would cut deeper into basic training programs such as on-the-job training, work experience and classroom training for the unskilled and disadvantaged.

Further cuts would probably necessitate a drastic change in the delivery system of programs. In New Hampshire, programs are delivered at the county level, deeper cuts would all but mandate that programs be centralized at the statehouse.

Consolidation of delivery systems has already occurred in several counties in New Hampshire.

CETA training programs in New Hampshire have been successful and cost-effective.

In Merrimack County, IIB placement into employment rate is 77 percent with an overall positive rate of 88 percent. This, when coupled with expenditures, represents a cost per placement of $2,476. It is also important to point out that most of this $2,476 represents dollars that were paid out to the participant during training.

Approximately 30 percent of those enrolled in the program are school dropouts and 30 percent were receiving public welfare or unemployment benefits.

To remove people from the welfare rolls, train them and place them in employment where they are earning their own way, paying taxes, and contributing to their community represents a cost-effective investment.

CETA has been working much more closely with private industry in recent years to develop training programs that meet the individual's needs as well as the company's.

This is evidenced by the fact that in Merrimack County for fiscal year 1982, it is planned that 40 percent of program moneys be devoted to the on-the-job training program in the private sector.

CETA, through its current delivery system, has been able to address local needs and shape services to fit those needs. An example of this is the fact that, in Concord, N.H., a program to train waste water treatment plant operators was developed in order to meet the skill needs created by the opening of a new waste water treatment facility.

On a statewide basis, special training programs have been developed to train oil burner repair technicians, electronic technicians, hazardous waste material handlers, and weatherization technicians.

I would strongly endorse the concept of a public sector/private sector partnership aimed at addressing employment and training needs at the local level.

I do feel that Government must play a major role in this partnership if it is to function effectively.

Although New Hampshire's capital, Concord, is located within Merrimack County, the county is primarily rural in nature.

Small business plays a major role in the economy of the region.

These employers are not equipped to devote a great amount of time or money to address the needs of the unemployed, unskilled or poor.

In Merrimack County, we have found that the on-the-job training program as it is currently structured has been well received by small business.

This is evidenced by the 77 percent entered employment rate achieved this past fiscal year in our county.

CETA at its inception was an attempt at a unification and decategorization of numerous manpower programs.

In spite of the growing complexity of CETA, it has been effective in addressing the needs of the economically disadvantaged in Merrimack County.

The concept of one title with streamlined regulations which provide for local control and flexibility would be accepted by virtually all local governments.

We are not capable at the local level of providing the necessary funds to properly address the problems of providing job training to the disadvantaged in order that they may be better able to become productive members of society.

It is a matter that mandates national attention and merits a funding commitment at a level sufficient to achieve realistic goals in the employment and training area.

Thank you.

[The prepared statement of Peter Spaulding follows:]

## PREPARED STATEMENT OF PETER J. SPAULDING, COMMISSIONER, MERRIMACK COUNTY, CONCORD, N.H.

The Comprehensive Employment and Training Act. (CETA) has acted as a "safety net" for local governments in New Hampshire and more specifically Merrimack County. Local governments in New Hamsphire are responsible for providing public assistance to those who are "poor and unable to support themselves." (N.H. R.S.A. 165:1, 166:1)

A viable employment and training capability is necessary at the local level if we are to continue fulfilling our statutory responsibilities with decreasing federal and state assistance. It is common sense as well as sound economic policy to invest in training programs to develop job opportunities rather than entitlement payments which tend to create dependency.

CETA has already sustained approximately a 60 percent cut from its level of two years ago. With the elimination of Public Service Emplyment in both Title IID and Title VI, further cuts would cut deeper into basic training programs such as On-the-Job Training, Work Experience and Classroom Training for the unskilled and disadvantaged.

Further cuts would probably necessitate a drastic change in the delivery system of programs. In New Hampshire, programs are delivered at the county level, deeper cuts would all but mandate that programs be centralized at the state house. Consolidation of delivery systems has already occurred to some extent with Coos, Carroll and Grafton counties being combined and Belknap and Merrimack counties being combined this year.

CETA training programs in New Hampshire have been successful and cost effective.

A. In Merrimack county, IIB Placement into employment rate is 77 percent with an overall positive rate of 88 percent. This, when coupled with expenditures, represents a cost per placement of $2,476. It is also important to point out that most of this $2,476 represents dollars that were paid out to the participant during training.

B. Approximately 30 percent of those enrolled in the program are school dropouts and 30 percent were receiving public welfare or unemployment benefits.

To remove people from the welfare roles, train them and place them in employment where they are earning their own way, paying taxes, and contributing to their community represents a cost effective investment.

C. CETA has been working much more closely with private industry in recent years to develop training programs that meet the individual's needs as well as the company's. This is evidenced by the fact that in Merrimack county for fiscal year 1982, it is planned that 40 percent of program moneys be devoted to the On-the-Job Training program in the private sector.

D. CETA, through its current delivery system, has been able to address local needs and shape services to fit those needs. An example of this is the fact that, in Concord, New Hampshire, a program to train wastewater treatment plant operators was developed in order to meet the skill needs created by the opening of a new wastewater treatment facility. On a statewide basis, special training programs have been developed to train oil burner repair technicians, electronic technicians, hazardous waste material handlers and weatherization technicians.

I would strongly endorse the concept of a public sector/private sector partnership aimed at addressing employment and training needs at the local level. I do feel that government must play a major role in this partnership if it is to function effectively.

Although New Hampshire's Capitol, Concord, is located within Merrimack County, the country is primarily rural in nature. Small business plays a major role in the economy of the region. These employers are not equipped to devote a great amount of time or money to address the needs of the unemployed, unskilled or poor. In Merrimack County we have found that the On-the-Job Training program as it is currently structured has been well received by small business. This is evidenced by the 77 percent entered employment rate achieved this past fiscal year in Merrimack County.

CETA at its inception was an attempt at a unification and de-categorization of numerous manpower programs. In spite of the growing complexity of CETA, it has been effective in addressing the needs of the economically disadvantaged in Merrimack County. The concept of one Title with streamlined regulations which provide for local control and flexibility would be accepted by virtually all local governments. We are not capable at the local level of providing the necessary funds to properly address the problems of providing job training to the disadvantaged in order that they may be better able to become productive members of society. It is a matter that mandates national attention and merits a funding commitment at a level sufficient to achieve realistic goals in the employment and training area.

MERRIMACK COUNTY CETA COST PER PLACEMENT IN UNSUBSIDIZED EMPLOYMENT—OCT. 1, 1980-AUG. 31, 1981

| Title/program | Placed in unsubsidized employment to Aug. 31, 1981 | Expenditure to Aug. 31, 1981 | Cost per placement |
|---|---|---|---|
| II-B—(Classroom training, work experience) (On-the-job training) | 122 | $302,069 | $2,476 |
| II-D—(Classroom training, work experience) (O.J.T., public service employment) | 51 | 149,940 | 2,940 |
| VI—(Public service employment) | 11 | 75,562 | 6,869 |
| VII—(O.J.T., classroom training) | 22 | 84,801 | 3,855 |

Note.—Youth Programs. It should be noted that placement in unsubsidized employment is not necessarily the primary goal of the youth programs. IE. Youth who are participating in CETA programs may be enrolled in school and in such cases the goal is to enable the youth to complete his education. Accordingly, Cost Per Placement Statistics are not representative.

MERRIMACK COUNTY CETA SUMMARY OF ACTIVITY—OCT. 1, 1980 to Aug. 31, 1981

| Title/program | Total served | Terminated | Placed in employment |  | Other positive transfers |  | Rate of positive term in (Percent) |
|---|---|---|---|---|---|---|---|
|  |  |  | No. | Percent | No. | Percent |  |
| II-B | 205 | 150 | 122 | 77 | 17 | 11 | 88 |
| II-D | 91 | 91 | 51 | 56 | 19 | 21 | 77 |
| IV Y.E.T.P. (Youth) | 46 | 21 | 11 | 52 | 5 | 24 | 76 |
| IV Y.C.C.I.P. (Youth) | 26 | 18 | 9 | 50 | 6 | 33 | 83 |
| IV S.Y.E.P. (Youth) | 243 | 233 | 6 | 2 | 204 | 87 | 90 |
| VI P.S.E. | 19 | 15 | 11 | 73 | 1 | 7 | 80 |
| VII | 33 | 26 | 22 | 85 | 4 | 15 | 100 |

Mr. **Jeffords**. Thank you very much. I am going to let Vermont have the last word here.

Lee, why don't you go ahead.

## STATEMENT OF LEE ARNOLD, DIRECTOR, GOVERNOR'S SPECIAL GRANTS OFFICE, STATE OF RHODE ISLAND

Mr. **Arnold**. Mr. Chairman, members of the staff and distinguished friends, I am glad to be in Vermont today. I am glad to see the sun come through for us at last.

Before I begin, let me say that I spent years in school and 3 years in the Army being first at everything. Making all the first early mistakes and what not, so it is a pleasure for me to be near the end for a change.

Before I turn to my prepared statement, Mr. Chairman, I'd like to pick up on a point that Joe Duggan from Massachusetts brought up. He made the point that he believes we should learn from our experiences. I believe that as well.

In Rhode Island, we structured our employment and training system based on our experience. In 1973, this country was disengaging some of its military establishment, as unique as that may seem today, because of the fact that the war in Vietnam was coming to a hopeful end.

Rhode Island suffered disproportionately to the rest of the Nation in terms of that realignment of military bases. Our crews of the Atlantic Fleet sailed out of Narragansett Bay in Rhode Island, left us with an employment rate that had been 6 percent prior to its pullout, and it rose to 16 percent.

We had a saying at the time the Chinese symbol for crisis is danger and opportunity. We saw that as an opportunity to see that all the manpower planning that had been going on for years could make any difference in a real crisis situation.

We found that it could and it was the basis for our model of CETA as a tool for economic development.

In my prepared testimony, Mr. Chairman, I would like to begin by reading the statement that reflects the views of the folks in our State, as well as of our Governor. I would then like to focus my remarks on the eight points raised by the initial notice of hearings through the Congressional Record.

Finally, I'd like to conclude my remarks with some rhetorical questions.

In Rhode Island, we believe that our economic development strategy must be to produce jobs and to train people to do them well. Because of that belief, when our State legislature authorized creation of the Rhode Island Department of Economic Development in 1974, it included our balance of State CETA prime sponsor as a division of that department.

Our symbol is the independent man. Our motto is hope. In our view, a person will have neither independence nor hope unless adequate opportunities for participation in our economic system exist.

To this end, we have used our CETA program as an instrument of economic development; we have fashioned a partnership with business and labor; we have devoted Federal training funds to help those most in need; and we have used State funds as a supplement to help people in need of training, but who were not CETA eligible.

We believe that our approach has made good economic and human sense, and that CETA in Rhode Island has been a net benefit to our taxpayers and consumers.

A well-trained work force can help our businesses be more productive and more competitive in the world. An employment and training policy that offers hope for preparation for people with limited options, supplemented by State and local efforts to help affirm that people need not become destitute before being eligible for help, makes good sense.

President Reagan has been quoted as saying that, "the greatest social program * * * is a job." In many respects, we believe that is true.

Our CETA system has been an important element in enabling people to get and to keep a job.

We urge the Congress to favorably consider the reauthorization of the Comprehensive Employment and Training Act, and in so doing, affirm a commitment of hope for independence for people who want to participate in the economic life of this country.

Mr. Chairman, this portion of my remarks will address the major issues listed in the original notice of hearings.

Point No. 1, "What are the appropriate objectives of employment and training policy?"

A well-structured employment and training policy will accomplish a number of objectives and help people overcome a number of problems. In our view, however, an employment and training policy ought to recognize that people and jobs are two sides of the same coin, and that the primary mission should be to train people for jobs in order to promote personal self-sufficiency and community economic well-being.

Question No. 2 was, "What are the best methods for carrying out the objectives of employment and training policy?"

We favor a job-centered negotiable incentive program that allows employers to participate fully in course design, and begins with the premise that public-private cost sharing, tax incentives, and wage subsidies are good for business and good for people. Local areas should also be given the flexibility of coupling entry-level training with upgrading and skill improvement training of existing work forces as an added incentive to business; this strategy could help to reduce the ranks of the working poor as well as accommodate changing demographic patters.

Question No. 3 was, "Should particular groups in the labor force be the concern of employment policy?"

Our preference is for a policy that is both inclusive and straightforward; we, therefore, recommend that eligibility be open to those people who are unemployed or economically disadvantaged.

In addition, local areas should have the option of training people in an "upgrading" category if such an effort will produce opportunities for the unemployed or economically disadvantaged.

While most of the population groups currently served by CETA would fall under the rubric of unemployed or economically disadvantaged, local areas could be given the capacity to serve those in need who may be neither unemployed or economically disadvantaged by allowing for certification of a barrier to employment, for example, a physical handicap.

Question No. 4 was, "What should be the relationship of employment and training policies to income-maintenance policies?"

Our State is preparing to embark on a welfare reform demonstration program. General public assistance and unemployment insurance, as forms of income maintenance, should not be confused with employment and training policies; they can, however, be supportive of those policies if they include tax credits and sufficiently liberal income disregard measures that work as incentives, rather than as disincentives, to participation in employment and training programs.

Participation of welfare recipients in an existing or future CETA system should not be mandatory.

Question 5 was, "What are the appropriate relationships between the Federal, State, and local governments in the funding, design, and administration of employment and training programs?"

We believe that "Education * * * (is) the preparation needed for effective participation in economic life." That is a quote from the book by William Torpey, entitled "Federal Personpower Involvement."

We believe that training is preparation for a specific job and that it is what we want to be about.

Federal policies, incentives, research and standards; and State and local funds, should support education.

Federal funds should support State and local training, allow for supplemental funds from State and local sources, and require reporting to the Federal Government as well as local public review and annual performance and fiscal audits.

In a nation as large and diverse as the United States, we believe that the design and administration of employment and training programs can best be done at the State and local level.

Question 6 was, "What is the appropriate role of the private sector in the design and implementation of employment and training policy?"

The private sector can further its own interests by participating with public agencies in designing and implementing specific training programs. Innovation and creativity will be needed to produce a system that can accomodate a high volume, high quality program; in addition, public agencies should be given the flexibility to negotiate joint funding of specialized equipment and instructional needs.

Question 7 was, "Can the diverse sets of programs which constitute the employment and training system be coordinated?"

The numerous "components" of the employment and training "system" in many cases have distinct missions and constituencies.

Coordination is not only possible, but even desirable, if existing impediments and anomalies can be identified and dealt with, for example, placement credit, loss of benefits due to program participation, specially when you are dealing with the elderly, loss of medical benefits.

Federal language encouraging reciprocal interagency cooperation can be helpful: "forced" relationships, with or without monetary set-asides, may not be helpful. We urge consideration of policies that would give Governors true flexibility in structuring arrangements that will strengthen interagency cooperation and coordination so that the diverse components now in place can function as a more coherent system.

The final question posed was, "Have employment and training programs worked?"

Rhode Island will provide the committee with data, reports, and articles which we believe point to a resounding answer of "yes" to this question.

Mr. Timothy M. Barnicle, writing in the winter 1981 issue of the New England Journal of Employment and Training, what we believe captured the essence of what we believe to be the contribution of a still young system:

He says this:

> In summary, CETA has, without a doubt, been and will continue to be a worthwhile public investment:
>
> In terms of dollars returned versus dollars invested at the national, State, and local level; but
>
> More so in terms of the personal development that has been possible for the individuals who have participated in the program and for whom CETA truly made a tremendous difference in changing their lives for the better.

Mr. Chairman, in closing, I think it is appropriate for us to consider the following general concerns: First, the costs to society, not only should we think about can we afford to do it, but can we afford not to do it.

If I read the papers correctly, I believe the President has proposed in his budget that we spend something less than half of what Saudi Arabia has just spent for some planes.

In terms of the cost to business, can business recruit and train without public help, apparently not or they may have been doing that already.

Will smaller companies suffer disproportionately? This is a concern of ours because data indicates the most new job creation has been with smaller companies.

In terms of the impact on the most truly needy, we are concerned about changes and relaxation of affirmative action, equal employment opportunities policies, and compliance.

The loss of potential programs that would give people the chance to enter the private sector.

We are concerned about what appears to be the failure of public schools in a number of respects.

We see the developments like CETA youth programs which you have so well responded to and supported. The Jobs for Delaware Graduates programs of Gov. P. duPont, the career counseling services around the Nation came about because of specific failures in public schools to a degree.

We know that because of financial pressures on localities that education's ability to prepare youth for the world of work will be exacerbated.

Finally, Mr. Chairman, we are concerned about the cost to the local economy, present and future, in terms of direct, immediate job losses and in terms of potential business losses.

Mr. **Jeffords**. Thank you very much and before you go ahead, I'd like to acknowledge the presence here of our former Senator, George D. Aiken and his wife, Lola. He was a prime mover in so many social areas and did so much to help the people, not only of this State, but the country. Senator, could you just raise your hand. [Applause.]

Now, Bob, go right ahead.

## STATEMENT OF ROBERT McCLOUD, BUSINESS MANAGER, STATE OF VERMONT COMPREHENSIVE EMPLOYMENT AND TRAINING OFFICE

Mr. McCLOUD. Vermont's last word may be the briefest. My name is Robert McCloud. I'm a business manager for the State of Vermont Comprehensive Employment and Training Office, now a division of the Vermont Department of Employment and Training.

I am here today to introduce the testimony of Dale Lane, the director of that office.

I have a prepared summary here but after the first couple of hours, I began lining out issues. It seems I only have one left.

This is one issue that, as a practitioner, I don't feel has yet quite been emphasized to my satisfaction. That issue is that any new legislation for employment and training programs contain provisions for forward funding.

Allow me to just briefly describe to you the present system as we have experienced it in Vermont.

Our planning process begins in January and February for the next following fiscal year. In order to meet an October 1 deadline, we must estimate and allocate our anticipated resources well before the Department of Labor releases its estimates on May 15.

Individual programmatic standards of performance must also be developed prior to May 15 in order that a request for proposal can be developed and issued early enough to allow interested organizations sufficient time to respond.

The entire summer is one of intense activity as our planning allocations are revised to the Department of Labor estimates, proposals are received, and the review and resubmittal process, and the contract negotiation process are all carried out.

All these procedures must be completed together with a performance data review system which will adjust the final contracted dollar amount for all programs and activities selected for refunding by the end of August.

This must be accomplished in order that all contracts may be reviewed by the State administration the attorney general's office, signed and executed by September 30 in order that we can issue paychecks the following week for the participants that we have carried over.

Each year, after this entire process has been completed, we then have to wait for Congress to pass a budget in order to learn what our actual funding levels will be. At the point when this occurs, the real planning process begins.

During the months of November through January, well into the fiscal year, and when planning for the next fiscal year should be commencing, we are forced to replan and manage the current fiscal year in a crisis environment.

Hiring freezes are implemented while phasedown plans are developed. Contracts must be modified to reduce program levels and consequently administration and services staff budgets. In addition, grants under every CETA title must be modified and balanced with the contract reductions occurring at the same time.

As if this crisis alone were not enough, it appears to have become the custom of the Department of Labor to wait until all these revisions have just been completed before releasing millions of dollars in discretionary funds that have been sitting in the Department of Labor's unallocated accounts since the appropriation was passed and distributed.

So, for the months of February through April, while we are in the midst of meeting critical deadlines for the next fiscal year's planning process, we are forced to undergo the same crisis again, only this time in reverse.

Immediate enrollment plans are implemented while phase-up schedules are developed. Contracts are modified to increase program levels while administration and services staff vacancies resulting from the earlier reductions are now refilled. And, once again, our CETA grants must be modified.

If this scenario seems too bizarre to be real, let me reassure you it is not an exaggeration. Short of modifying the entire national budgetary process, there is one change that could be accomplished that would alleviate this situation significantly.

In order to help make planning and plan management viable and meaningful activities, I would recommend that whatever new employment and training legislation emerges in the next year, that it be created at a minimum on a 2-year funding schedule.

I believe that a 2-year cycle is necessary to remove the crisis situations which are built into the annual process and to allow planning to become a proactive, not a reactive activity.

Thank you. [Applause.]

Mr. **Jeffords**. I would point out that the bill we put out last year had forward funding in it. The problem with that is that forward funding requires the pull-forward of some funding. Unfortunately, at this time, when everything is being cut back, although I would say that I would certainly recommend and agree with what you said, the possibility of that at this point does not seem very likely I wish we could try and go do something like that.

We had rather divergent opinions expressed from some of the members here and I am sure I won't get any unanimity but I'd like, in response to what Mr. McCloud said, a brief statement from each State as to what they situation find themselves in? What kind of a status they find themselves in with respect to the cuts and what information they had received to further cuts that are not presently in the anticipated cut category.

In other words, are you receiving word to make cuts in excess of those which appear to be in any of the appropriations bills?

Lee?

Mr. **Arnold**. Mr. Chairman, to give you a focus of what it looks like, Rhode Island is 1,200 square miles and we have three CETA entities. We have a city prime sponsor, city province, a balance of State prime upon sponsor in our State department of economic development and finally, the special grant to the Governor which I direct.

The three entities combined in fiscal year 1981 started with approximately $30 million. This year, we are looking at approximately, as a combined total, $10 million.

What that does for service level is fairly obvious. The numbers in terms of numbers of people planned to serve drops from roughly 12,000 to roughly 4,500. It is a dramatic drop.

What concerns us, and again, I alluded to some of that in our remarks, is that CETA is merely the tip of the iceburg. It is one part but certainly not the only, or even the biggest part of what the State is losing.

Rhode Island is not a rich State. We don't have the State resources to make up what we are losing.

In total, we are estimating something on the order of $117 million beyond loss of which about $20 million is loss from CETA funds that we had from last year.

So, we are facing enormous problems in terms of service to people who will really look to Government for help and have very few other options.

So, it is having a dramatic impact. It is also severely impacting our capacity to help disadvantaged youth.

Mr. **Jeffords**. Peter?

Mr. **Spaulding**. I guess the good news would be that we expect in our agency to be able to serve the same number of participants in the coming year that we did last year.

The bad news is they added another county to us. So, we had about 1,000 participants in the previous year just in Merrimac County and in the coming year, we will have about the same, but it will be in both Belknap and Merrimac Counties.

Mr. **Jeffords**. With the same amount of funds, is that what you are saying?

Mr **Spaulding**. The same amount of funds with basically a 50-percent increase in the service area.

Also, the administrative costs and staffing have been cut dramatically. We have had a number of layoffs in our own agency for the past year and when we took over October 1, the operation in an adjoining county have the staff operating at slightly less than half what it was previously.

So, there are certainly some very substantial cuts coming there and there certainly is a ripple effect that you have from cuts in the other areas whether it is in programs like fuel assistance or entitlement programs, whatever they are when you are talking about programs dealing with people.

You can't single out any particular program and measure the impact of the cuts because they really are all-inclusive.

Mr. **Jeffords**. Francis.

Mr. **Cole**. Cuts detract from really learning a good system. You always have to keep one eye on the money. For example, I am a convert, if you will, I was on loan for business, a computer director, and all of a sudden, I came over on loan to do some audits.

I started 2 years ago at $24 million. The second year, it started at $17 million and became $11 million. What started out this year at a little over $9 million is now $5½ million.

What that has done, we keep a running game in the office. We start a pool every once in a while. For example, last year, October 1, anticipating that Mr. Reagan would be elected, I bet that we would get 75 percent of PSE funds.

Now, it takes a lot of energy of a lot of people to come up with that kind of thing. Come to find out, we have 60 percent. So, I did not have a lot of cuts.

I did in the start, certain things. As a consequence, we did not have any big layoffs in PSE. We ran the whole program out. We are doing the same thing this year.

What I have to do is, I have never programed 100 percent of my money in any 1 year. If the turnback to the Feds, if you will, let's say you keep 25 percent, I'll shoot for 20 percent.

I am only going to spend 80 percent of that money. But what it has done is detracted from my ability to run out and link economic development and voc. ed. and build skills and a lot of other things that perhaps I should be doing as well as a lot of other staffs should be doing as well.

It's taken up a lot of time just to manage that. But because of it being a unique situation with a deficit of $1½ million, money is the key issue of the prime sponsor at the moment.

So, it has detracted from really delivering what we are in business to deliver, namely jobs.

Mr. DUGGAN. In Massachusetts, we have the same problems you will find in any other State. But I think it is important to keep one thing in mind as we discuss money.

The amount of money we are dealing with now is probably proportionately not much less than what we started with in the CETA business.

We are supposed to be involved in the job training business for the economically disadvantaged.

I think one of the reasons why our problem is compounded is because we have a management structure that was designed based on larger amounts of money with a different mission.

And we are below the threshold now and, as a result, there is a viability question. In the Massachusetts balances of State prime sponsor, we have had to reconfigure some of our subgrantees and consolidate them and even with the consolidation that we have done in merging certain subgrantees, we still have a question of viability with some of our smaller subgrantees that are what I would consider to be suburban-oriented.

When you have a structure that requires the expenditures by law for all of these administrative mechanisms and you do not have a job training infrastructure which serve the individuals, there is a need for change.

And either we have to find means to increase the amount of money that comes in which previously, when you stop to look at it, we never really got too much money in jobs.

The largest amounts of money was in public service employment. And they were basically countercyclical. There was even a blur that took place with title II-D which was designed by law to serve the structurally unemployed for them to get their fair share of the public service jobs, even that became a blur and we had a countercyclical program and as a result, we have a situation now where our whole structure is below the threshold level.

Unless we change that structure, it is going to require an enormous infusion of funds coming in.

Mr. JEFFORDS. That countercyclical always turned out to be cyclical by the time we got around to appropriating funds.

Susan, do you have a question?

Ms. **Grayson.** Yes. I would like to get the panel's reaction to two policy areas that are under consideration. One, is the change in the population size of an eligible local entity, whatever you want to call it, whether it is a regional authority or a local elected official or whatever, raise it from the current 100,000 population to some other level, for example, say, 250,000 or 300,000. What would be the impact of that? Would that be something that you think would provide for a more efficient system?

The second point is whether you had considered any changes in the current allowance provision in CETA, whether some kind of flexibility in either the amount or eligibility for allowances might provide for a more efficient use of funds while still allowing us to serve those in the most need.

Mr. **Arnold.** You have two questions you are trying to deal with. First, is the size that one would have to opt for to be a prime sponsor. The other would be which kind of discretion would be allowed for the allowance of payments. I am not really convinced that numbers of people is the most appropriate base on which to decide that an area should or should not be a prime sponsor. I think local labor market areas may have few people. For example, western Massachusetts is in that sort of position, but they definitely do not look like the city of Boston. They are definitely a sparse population, but yet perhaps they can respond better and know better their own needs in that area than would merit them losing an identity as a prime sponsor, if you will.

It is our preference, in Rhode Island, that this be handled on the basis of discretion with review authority both by the Congress and the Secretary of Labor to see if the decisions are based on logic.

We have, in the State of Rhode Island, three labor market areas. One is Providence. That includes some 19 cities. The city of Newport is included in a standard metropolitan statistical area that includes some parts of Massachusetts. And the southern part of our State is included in the Groton, New London parts of Connecticut. So we think that there are occasions where not only size but geographical, political units do not even make much sense. But it is our preference in Rhode Island because we have discussed this, that this be left to the discretion of the Governor. I think in many cases the price of the prime sponsor will itself lead people to obey the law of the situation, which is to say at some certain level you cannot administer a program. With respect to flexibility for allowance payments, we think that anyone who participates in a program probably has the need for that kind of income. The only request we would make is that if there are areas that do not allow people who are collecting unemployment insurance to continue to receive that payment while they are in training, that consideration be made for that.

Mr. **McCloud.** I would agree with Mr. Arnold's remarks regarding population as to whether that should be the end-all for considering the eligibility for prime sponsorships. I think we have come to realize labor market situations that may make some kind of arrangement more desirable. Of course, in Vermont it is negligible.

Your question about allowances, there is one particular pet peeve I have had for some time with regard to allowances in the summer youth program for kids that are somehow tied to the title II-B allowance regulations, and do not have the language in it that is contained in title IV, which requires you to get into a situation of trying to get kids summer jobs with his buddy making $3.35 an hour, and he is only getting $30 a week, and it is not really his problem, it is his folks'. It seems to me just some kind of error somewhere along the way that if it was established in the time before regulations that it would carry over.

Mr. **SPAULDING**. I would certainly agree with the previous speakers on the population figures. Being from northern New England it is hard to think in terms of population in quarter of a million groups, but I do not really think that a population size should determine what the most appropriate administrative unit is. I think that decision might be left up to a Governor or someone else, to make that determination how the program could most effectively serve the people, rather than setting certain arbitrary standards that may be effective in certain areas of the country and in certain urban areas, but are not so applicable in other areas.

So I would certainly hope that that was not changed, but that there was some flexibility built into it.

On the allowances, I think I would rather leave that question to the other members here, because by not being a CETA administrator, that is something that I really cannot answer with a lot of accuracy.

Mr. **COLE**. The question on size, it is hard to say an arbitrary number of 250,000. The question is, what does the area need? What does the specific area need, and how large a circumference do you need to get jobs? The city of Hartford has 50 percent of the recipients, and not a helluva lot of jobs, but yet in the 20 towns around they have a lot of manufacturers, so you have a problem in one place and the solution someplace else.

The second thing with regard to size is the question that I am trying to get across is the decentralization. Let ES do their thing, CETA become a grants manager, do the buy-ins, and try to get more stretch for the money, which again does not come down to size, but capability.

I think that where there is a 100,000 population they are going to be hard-pressed.

Another issue for example is that you become so thick you try to do everything you can to do anything. That is a reality. So those who try to do everything are going to have a problem.

Another issue is 495 prime sponsors reporting to one Federal entity. That is a little larger span of control than most people can deal with.

The State of Connecticut on the average pays a welfare person $4.80 an hour. If you add up the welfare payment, the rental subsidy, the heat, the coat, the food stamps, it is $4.80. I want to give them $3.35. I want to let them continue to get the $4.85 and provide the classrooms, because in the regulations it allows you to do that. But also we will try to do less allowances. Here again the major thrust is how many people can we get through the program to get a job.

Mr. **DUGGAN**. I would propose that any city of 500,000 or more be automatically designated as a regional employment authority or commission or whatever the term would be called. I would say I agree with the difficulties associated with trying to find population figures, but I would say the range of 300,000 to 400,000. And I think our problem is defining what labor market area is. I think we need a new definition for labor market area as it relates to the purpose that we need it for. A magnet center of population ought to be the keynote through which we figure out what our training authorities are to be. In some cases it may be a city of 200,000 in the surrounding area. In some cases you may have 3 small cities of 80,000 to 100,000 in the general radius, and it is around those 3 cities that you have your magnet center of population through which you have your regional training authority. So it will vary. But I think there are guidelines that we have to force upon ourselves. I think we are talking about a catchment area or target area in terms of population in the range of a minimum of $500,000, generally. There would be exceptions to that, just as I would automatically state that any city of 500,000 or more should automatically be designated in that category.

Ms. GRAYSON. I guess our concern, especially with reduced funding, is whether you can have an administratively viable program with that small a population.

Mr. DUGGAN. I think that that is a problem right now.

Mr. COLE. With bigger than 100,000.

Ms. GRAYSON. Thank you.

Mr. JEFFORDS. Beth.

Ms. BUEHLMANN. We have heard about the problems of different funding cycles and different terminology. Given that people say that now that funding is limited, that we are going to coordinate, that we are going to try to deal with other entities so that we can get together and perhaps be more effective and more productive. What other kinds of incentives or reductions of disincentives are there besides money that you see as possibilities for greater coordination, greater linkages?

I know, Mr. Duggan, you might differ on that question only because you feel that we should be dealing strictly with the structurally unemployed, the disadvantaged, but if you do see any types of other reductions in disincentives other than monetary incentives that can be used, what are they?

I am not going to say "are there any" because that is a yes or no question and you can all say no. I want to know what they are. Bob?

Mr. MCCLOUD. Adequate time, I think, is something that has plagued me in the past years. It is not easy to get organizations that operate under separate organizations to have their own set of mandates, even though we share a lot of things in common, to sit down and work together and put together the nuts and bolts to get a program off the ground.

I can get a grant down to the Department of Labor in 48 hours, but don't expect that program to start a week later. Part of this, again, goes back to my point on the funding cycles. It can be something that is done in 3 to 6 months, but too many times I have been caught in a situation where it has been hastily put together and it has to be all rethought and dealing with organizations, all of which are willing to make cash or in-kind commitments. But to iron out the nuts and bolts until you get the clients in the door and actually participating in the program, you have to have some substantial lead time.

Ms. **Buehlmann.** Peter?

Mr. **Spaulding.** I would think that one of the areas that might assist us—I think we all recognize there is going to be less funding available in the future—is more flexibility in defining where the program money is going to be spent and what the needs are.

For example, instead of allocating money strictly for certain categories, such as for youth or other types of programs, there might be minimums of 10 percent or whatever, but that that particular agency be allowed to, within certain limitations, decide whether priority in that particular area should be on youth programs, whether it should be on retraining, classroom skills or whatever. They should have some degree of flexibility rather than trying to structure the same program across the board that will be administered the same in St. Louis, Missouri as it is in Boston, Mass., or Concord, N.H. or Brattleboro.

I think a little more flexibility in that area would allow us to be able to cope with some of the impending cuts.

Mr. **Arnold.** Again, drawing from experience, in February of 1974 we opened in the city of Newport a thing called the Newport Unicenter. We did this in response to the unique problems created in Newport on the island because of the fact that the Navy had left.

The Unicenter was an experiment to group together under one roof in one building a number of social services, food stamps, the predecessor to CETA, which is essentially vocational education, MBCA, that sort of thing.

We also had vocational rehabilitation, and we had the banks to arrange for mortgage repayment schedules and what-not. We found in that experiment that agencies would cooperate for a while at the direction of the Governor because of a crisis situation.

That was not sustainable over the long-term because of the fact that each of the agencies in that building was responding to a separate set of rules, of regulations, of Federal mandates that they must have the following types of administrative safeguards, units and what-not.

The precedent has fairly extensive reorganization authority with respect to how agencies should look or what they should do with some discretion granted by the Congress for that.

Governors typically do not have that same kind of discretion over agencies that are in their state that are totally or mostly funded by Federal funds. So we find that anomalies arise because of differences in regulations, probably what is called for.

It would be a tremendous undertaking, I recognize that, but I think the only thing that is going to help at this point in order to let the Governors manage with the reduced kinds of funds that they now have is for someone in Congress to take a look at all of those items that interrelate, certainly within the employment and training spectrum, at least, and say which of these items doesn't make sense or which of these items are mandating duplication? Which of these can we do without? Which of these can provide to the Governor some flexibility so that the function can be performed so that administrative oversight is there, but it does not have to be done by everyone at the same time.

Ms. **Buehlmann**. Mr. Duggan or Mr. Cole?

Mr. **Cole**. There are two kinds of disincentives. One is a disincentive to the client. Disincentives to clients are really across the board. Let's face it, there are some economically disadvantaged particularly if you look at the AFDC. Some people just can't work.

The second issue on disincentives to clients, Connecticut has a workfare plan. It has not shown much result, to be honest. It may be premature at this point. It is less than 1 year old. Disincentives for farmers as primes. I would be less inclined to talk about disincentives than I would to talk to incentives by those who did better the next time; in other words, stress the positive, not the negative.

Mr. **Duggan**. I don't have any comment.

Ms. **Buehlmann**. Thank you.

Mr. **Jeffords**. Thank you very much. Again, it is a super job, and we really appreciate it. We are sorry it is so late in the afternoon. With each of the panels, we could spend all day with you and come away with a productive day.

Mr. **Jeffords**. The last panel for today is the CBO's, the community-based organizations panel.

First, Ms. Susan Curnan, director of the Smokey House project in Danby, Vt.; Mr. Heriberto Flores, New England Farm Workers in Springfield, Mass.; and Laura McNulty and Stephanie Powers, supported work demonstrations, Transitional Employment Enterprises, Inc., Amherst, N.H.

Laura, where are you from?

Ms. **McNulty**. Connecticut, in the Hartford area, United Labor Agency, Connecticut AFL-CIO.

Mr. **Jeffords**. We are pleased to have you with us.

Susan, why don't you go first?

Ms. **Curnan**. Mr. Chairman, you set such a good example that I feel I should offer the floor to my colleagues first so that Vermont does have the last word.

Mr. **Jeffords**. I will let you do that. I would not dare say otherwise.

## STATEMENT OF LAURA McNULTY, UNITED LABOR AGENCY, AFL-CIO, REPRESENTING JOHN J. DRISCOLL, PRESIDENT, CONNECTICUT AFL-CIO

Ms. **McNulty**. Thank you, Mr. Chairman.

I am here as a representative of John J. Driscoll, president of the Connecticut AFL-CIO and my employing agency, United Labor Services Center, Inc.

We would like to thank you for this opportunity to share our views on public employment and training efforts.

More than 600 local unions and 69 international unions are affiliated with the Connecticut AFL-CIO. As a federation of these unions, the Connecticut AFL-CIO has been involved in the job training field for a long time.

For example, the Connecticut AFL-CIO was instrumental in the development of the apprentice scholarship program in the State of Connecticut. This program provides financial assistance to women and minorities in order to encourage their entrance into nontraditional jobs in apprenticeship trades.

The AFL-CIO has also been involved in the CETA programs, especially through its employment and training committee. The AFL-CIO has demonstrated a firm commitment to the development of employment and training programs which make sense to the people and the economy of the State of Connecticut.

The following represents my views on the present issue of the reauthorization of the CETA programs. It also represents the views of the United Labor Community Services Center, Inc., which runs a technical assistance program designed to strengthen the linkages between labor organizations and CETA programs in the State.

The United Labor Community Services Center, Inc. is a not-for-profit community-based organization dedicated to improving the quality of life for citizens of the State of Connecticut through direct service to individuals in need and through the encouragement of cooperation and linkage of the many social service providers in the State.

The key to a healthy economy is the full utilization and appropriate allocation of natural resources. This country's most valuable natural resource is its people, especially in the northeast region.

Should the priority of this country be the development of a healthy economy, the major objective towards that goal must be an effective and useful national employment and training policy.

This objective has been recognized by the people and the Congress of the United States over the past 20 years. The restructuring of the public employment and training system into the new CETA structure in 1973, and the passage of the Humphrey-Hawkins Full Employment and Balanced Growth Act represent a recent demonstration of these priorities.

The Reagan administration has a new strategy to meet the same goal. Supply-side economics is said to be the new key to a healthy economy. Without questioning the validity of this strategy, we must all reflect back to the reason that the country found it necessary to implement the public employment and training programs in the sixties and seventies.

Was our private economy insuring full employment? Did the private sector recognize a responsibility to maintain our most valuable resources? Can we afford to fully return the responsibility of training and maintaining our work force to what the new administration calls the natural forces of our economic system?

To further complicate our economic health, a well-recognized change in technology is taking place which marks the marriage of computers and automation, particularly the use of robots.

An article in the September 3 issue of Business Week states that 45 million jobs in the American economy will be affected due to this shift. This change in technology, while it may create new job opportunities, is making many of the skills of American workers obsolete.

If the private sector does not take an active role in retraining these workers for opportunities, and no other system exists to retrain these workers, what is left for these people? People who have spent their lives contributing to the economy and the well-being of their communities.

Under consideration here is the need for and the restructure of a national employment and training policy. The previous needs which originally warranted the public employment and training programs of the sixties still exist; the need to give those persons with distinct disadvantages in the labor market an extra hand; the economically disadvantaged, handicapped, underemployed and structurally unemployed; the need to assist those persons who are cyclically unemployed due to downturns in the economy.

Now we are faced with a new crisis—major changes in job content due to changes in technology which will require considerable job retraining. Not only is this at issue, but the question of whether this change will necessitate retraining for higher or lower skills, depending upon the degree of use of robotics and computers by American industry, further complicates the reshuffling of the American work force.

These varying and complicated issues require special attention. We must not forsake those persons who need assistance entering the labor force for the first time, nor can we overlook the need to maintain our current work force to prevent total obsolescence of those persons who have worked and contributed to our economy.

In analyzing the current question of the reauthorization of the Comprehensive Employment and Training Act, we contend that a comprehensive national employment and training program—giving top priority to full employment—must be undertaken.

The Federal Government must retain overall Federal control of policy and direction, while sharing administration of programs with State and local governments. It must assure a comprehensive approach with consolidation and coordination of all employment and training activities under a central administration in the U.S. Labor Department, and must retain such significant categorical programs as the Job Corps and labor union sponsored programs, including the AFL-CIO's Human Resources Development Institute, Apprenticeship Outreach and on-the-job training.

In addition, the program should have enough flexibility to allow the emphasis to be shifted from one type of program to another, as the situation warrants; to give special aid to depressed areas; to provide specialized training and job assistance to groups with special employment and training needs; and to provide for a revival of large-scale public service employment programs.

Despite negative media coverage of the CETA program in the early stages, recent studies have proven that even the controversial public service employment programs were successful in not only providing persons with useful job skills and experiences, but also in providing local communities with valuable public services.

Moreover, the fact that it took a few years before the CETA programs began to really tackle the employment and training problems at hand should not be very surprising to anyone who has tried to start a new business.

The Small Business Administration notes that it takes 3 years before a new business breaks even and about 5 years before a business begins to make a profit. An analogy made between the CETA administration and a small business may not be immediately apparent. However, certain connections still may be made.

Without even bringing into the picture the political considerations and in-fighting caused by the initial power shift from community action program to local municipalities controlling the employment and training dollar, let's see what happened to CETA over the last 8 years.

Initially, in 1973, CETA was a social, not an economic program. Its purpose was to help those who were the most in need, those with the most significant barriers to employment.

Suddenly, the President who originally signed the bill into law resigns and leaves the administration to his Vice President. This is the period where we were faced with a national and State recession caused by the OPEC oil embargo and enormous price hikes, which brought on double-digit unemployment rates. The CETA program then changed emphasis. Rather than a social program, CETA becomes an economic tool.

Huge amounts of money were pumped into the system in order to lower unemployment and results were, as is characteristic of the program, expected yesterday. The Department of Labor literally held clubs over the heads of the chief elected officials to hire, hire, hire, faster. Little real concern was voiced over the quality of the placement or selection of participants, until later.

Reauthorization in 1978 called for major program reforms. Reshuffling of programs and titles and stricter regulations added to the erratic history of the program. Then cutbacks in the program, more cutbacks, a new administration, more cutbacks, and finally complete eradication of a major portion of the program.

Returning to the original analogy, though it is difficult to draw parallels between social profit and monetary profit, CETA could have been expected to break even in 1977 and to profit in 1979. If any business could have sustained the continual external pressures and shifts of purpose, it would be considered a miracle. The fact that current reports indicate positive results through the CETA program represents a miracle in itself.

The basic structure of the CETA programs, with national policy and legislation, regional administration and local, prime sponsor control represents a system which has demonstrated effectiveness, against incredible odds.

Restructuring this system substantially at this time, including the removal of the control of the program from local officials to the hands of State officials, may be the final blow to a program which has survived more than its share of adversity.

Mandatory to this reauthorization is the reinstatement and full continuation of programs for the youth, the economically disadvantaged, the structurally and cyclically unemployed, the underemployed and those others with substantial barriers to employment.

Additionally, the revival of large-scale, job-creating programs is required when the regular job-creating channels in the economy do not create enough jobs for the labor force. Also required is the full continuation of research and development programs and national programs for special groups, administered through the U.S. Department of Labor.

In terms of the preferred program operator of employment and training programs, it is our contention that community-based organizations, who have been operating public employment and training programs for 20 years, with some providing similar services for close to 100 years, should continue to play a major role in the delivery system.

The Small Business Administration identifies two criteria to insure a successful business: One, the background and experience of key personnel; and two, the location of the business in relation to those who will buy the goods or service as the two keys to success in any business. Again, the analogy may continue.

The key to success in moving people from one situation to another is to present them with an environment which will encourage, not intimidate, their participation. This movement must be the ultimate aim of public employment and training programs. Not only must the environment encourage utilization, but the program must be geared to provide overall assistance to the individual.

Community-based organizations possess both of the criteria noted for success by the Small Business Administration. They have been in this business for years, they deal with the targeted groups every day, and their locations are easily accessible to the groups they serve.

One fault of the present system could be the quick entrance and exit of participants in the CETA program after participants are trained in specific job skills. With emphasis on lowest cost per participant, prime sponsors and program operators often attempt to enroll as many participants as possible in the shortest time possible.

With accompanying job development, obtaining a job may be possible, but the retention of jobs may not be. These activities may, at face value, appear cost-effective, but in terms of real progress in breaking barriers to employment in a cost-effective manner, this approach is costly in that no real progress may be made and in effect participants may suffer negative impacts due to what appears to be their failure to cope in the labor market.

Many participants suffer barriers to employment more serious than a lack of job skills. Careful attention must be given to the development of proper attitudes in program participants.

The emphasis should not be merely the development of someone who can operate a machine or a typewriter. This calls for in-depth world of work orientation, which includes a variety of perspectives and components; for example, getting to work on time, dressing properly, interviewing techniques, awareness of skills transferability, and awareness of personal strengths.

No institution available to the CETA system other than community-based organizations can accomplish this feat. In conjunction with specific skills training programs, world of work orientations must parallel the progress of participants, in the form of group, on-the-job or individualized counseling and other program support systems.

Labor organizations are, in fact, community-based organizations. Labor organizations have been in the employment, education and training business longer than most other community-based organizations. They possess firsthand knowledge of the skills, attitudes and experiences required for specific jobs. They are, in effect, ideal CETA program operators.

Where labor organizations do not run programs directly, their input must be solicited in the planning, development and implementation of all programs. This input can be invaluable in the development of programs which truly prepare people for the world of work.

This form of input is presently required under current legislation. Not only must this dialog between CETA and labor organizations continue, but it must be encouraged in order to insure valuable experiences for participants.

We urge the continuation and fulfillment of requirements in employment and training legislation that labor organizations involved have ample opportunity to participate in the planning, development and implementation of employment and training programs at the State, local, and national levels.

In summary, the Connecticut AFL-CIO and the United Labor Community Services Center, Inc. urge the continuation of public employment and training programs. We encourage the maintenance of existing delivery systems and the true maintenance of the original goals of CETA—assisting those with substantial barriers to employment.

We discourage and urge you to consider seriously present positions to create a program which merely provides private industry with a commodity—persons who possess specific job skills. We recognize the need and hope that you also recognize the need to prepare individuals for a life of work, which invariably means a need for a continued ability to reassess one's career goals and skills and one's ability to change fields as is necessary.

The country must be ready to shift the skills of its labor force to meet the challenge of technological changes. Therefore, we must provide individuals with these capabilities or we run the risk of seeing many of our workers displaced, with substantial barriers to employment, including some of the CETA participants we are currently training. We must not waste this valuable natural resource.

Thank you.

Mr. **Jeffords**. Thank you very much.

[The prepared statement of John Driscoll follows:]

### Prepared Statement of John J. Driscoll, President, Connecticut AFL-CIO

Thank you Mr. Chairman, Mr. Denardis, Mr. Weiss and Mr. Jeffords for this opportunity to share my views on public employment and training efforts.

More than 600 local unions and 69 International unions are affiliated with the Connecticut AFL-CIO. As a federation of these unions, the Connecticut AFL-CIO has been involved in the job training field for a long time. For example, the Connecticut AFL-CIO was instrumental in the development of the Apprentice Scholarship Program in the State of Connecticut. This program provides financial assistance to women and minorities in order to encourage their entrance into nontraditional jobs in apprenticeable trades. The AFL-CIO has also been involved in the CETA programs, especially through its Employment and Trainig Committee. The AFL-CIO has demonstrated a firm commitment to the development of employment and training programs which make sense to the people and the economy of the State of Connecticut.

The following represents my views on the present issue of the reauthorization of the CETA programs. It also represents the views of the United Labor Community Services Center, Inc., which runs a technical assistance program designed to strengthen the linkages between labor organizations and CETA programs in the State.

The United Labor Community Services Center, Inc. is a not-for-profit Community Based Organization dedicated to improving the quality of life for citizens of the

State of Connecticut through direct service to individuals in need and through the encouragement of cooperation and linkage of the many Social Service providers in the State.

The key to a healthy economy is the full utilization and appropriate allocation of natural resources. This country's most valuable natural resource is its people, especially in the Northeast region. Should the priority of this country be the development of a healthy economy, the major objective toward that goal must be an effective and useful national employment and training policy.

This objective has been recognized by the people and the Congress of the United States over the past twenty years. The restructuring of the Public Employment and Training System into the new CETA structure in 1973, and the passage of the Humphrey-Hawkins Full Employment and Balanced Growth Act represent a recent demonstration of these priorities.

The Reagan administration has a new strategy to meet the same goal. "Supply-side economics" is said to be the new key to a healthy economy. Without questioning the validity of this strategy we must all reflect back to the reason that the country found it necessary to implement public employment and training programs in the sixties and seventies.

Was our private economy ensuring full employment? Did the private sector recognize a responsibility to maintain our most valuable resources? Can we afford to fully return the responsibility of training and maintaining our workforce to what the new administration calls the "natural forces of our economic system"?

To further complicate our economic health, a well recognized change in technology is taking place which marks the marriage of computers and automation, particularly the use of robots. An article in the September 3rd issue of Business Week states that 45 million jobs in the American economy will be affected due to this shift. This change in technology, while it may create new job opportunities, is making many of the skills of American workers obsolete. If the private sector does not take an active role in retraining these workers for job opportunities, and no other system exists to retrain these workers, what is left for these people? People who have spent their lives contributing to the economy and the well being of their communities.

Under consideration here is the need for and the restructure of a National employment and training policy. The previous needs which originally warranted the public employment and training programs of the sixties still exist. The need to give those persons with distinct disadvantages in the labor market an extra hand; the economically disadvantaged handicapped, underemployed, and structurally unemployed. The need to assist those persons who are cyclically unemployed due to downturns in the economy.

Now we are faced with a new crisis; major changes in job content due to changes in technology which will require considerable job retraining. Not only is this at issue, but the question of whether this change will necessitate retraining for higher or lower skills depending upon the degree of use of robotics and computers by American Industry further complicates the reshuffling of the American workforce.

These varying and complicated issues require special attention. We must not forsake those persons who need assistance entering the labor force for the first time, nor can we overlook the need to maintain our current workforce to prevent total obsolescence of those persons who have worked and contributed to our economy.

In analyzing the current question of the reauthorization of the Comprehensive Employment and Training Act, we contend that a comprehensive National Employment and Training program—giving top priority to full employment—must be undertaken. The federal government must retain overall federal control of policy and direction, while sharing administration of programs with state and local governments. It must assure a comprehensive approach with consolidation and coordination of all employment and training activities under a central administration in the U.S. Labor Department, and must retain such significant categorical programs as the Job Corps and labor union-sponsored programs including the AFL-CIO's Human Resources Development Institute, Apprenticeship Outreach and on-the-job training. In addition, the program should have enough flexibility to allow the emphasis to be shifted from one type of program to another, as the situation warrants; to give special aid to depressed areas; to provide specialized training and job assistance to groups with special employment and training needs; and to provide for a revival of large-scale public service employment programs.

Despite negative media coverage of the CETA program in the early stages, recent studies have proven that even the controversial Public Service Employment programs were successful in not only providing persons with useful job skills and experiences, but also in providing local communities with valuable public services. Moreover, the fact that it took a few years before the CETA programs began to really tackle the Employment and Training problems at hand should not be very surprising to anyone who has tried to start a new business.

The Small Business Administration notes that it takes 3 years before a new business breaks even, and about 5 years before a business begins to make a profit. An analogy made between the CETA administration and a small business may not be immediately apparent. However, certain connections still may be made.

Without even bringing into the picture the political considerations and infighting caused by the initial power shift from Community Action Program to local municipalities controlling the Employment and Training dollars, let's see what happened to CETA over the last eight years. Initially, in 1973, CETA was a social, not an economic program. Its purpose was to help those who were the most-in-need, those with the most significant barriers to employment.

Suddenly, the President who originally signed the Bill into law resigns and leaves the administration to his Vice President. This is the period where we were faced with a national and a state recession caused by the OPEC oil embargo and enormous price hikes which brought on double digit unemployment rates. The CETA program then changed emphasis. Rather than a social program, CETA became an economic tool.

Huge amounts of money were pumped into the system in order to lower unemployment and results were, as is characteristic of the program, expected yesterday. The Department of Labor literally held clubs over the heads of the chief elected officials to hire-hire-hire-faster! Little real concern was voiced over the quality of the placement or selection of participants, until later.

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Mandatory to this reauthorization is the reinstatement and full continuation of programs for youth, the economically disadvantaged, the structurally and cyclically unemployed, the underemployed and those others with substantial barriers to employment. Additionally, the revival of large-scale, job creating programs is required when the regular job-creating channels in the economy do not create enough jobs for the labor force. Also required is the full continuation of Research and Development programs and National Programs for special groups, administered through the U.S. Department of Labor.

In terms of the "preferred" program operator of Employment and Training Programs, it is our contention that Community Based Organizations, who have been operating public employment and training programs for 20 years with some providing similar services for close to 100 years, should continue to play a major role in the delivery system. The Small Business Administration identifies two criteria to ensure a successful business: (1) The background and experience of key personnel; and (2) the location of the business in relation to those who will buy the good or service as the two keys to success in any business. Again, the analogy may continue.

The key to success in moving people from one situation to another is to present them with an environment which will encourage, not intimidate, their participation. This "movement" must be the ultimate aim of public employment and training programs. Not only must the environment encourage utilization, the program must be geared to provide overall assistance to the individual. Community Based Organizations possess both of the criteria noted for success by the Small Business Administration. They have been in this business for years, they deal with the targeted groups every day and their locations are easily accessible to the groups they serve.

One fault of the present system could be the quick entrance and exit of participants in the CETA program after participants are trained in specific job skills. With emphasis on lowest cost per participant, Prime Sponsors and program operators often attempt to enroll as many participants as possible in the shortest time possible. With accompanying job development, obtaining a job may be possible, but the retention of jobs may not be. These activities may, at face value, appear cost effective. But in terms of real progress in breaking barriers to employment in a cost effective manner, this approach is costly in that no real progress may be made and in effect participants may suffer negative impacts due to what appears to be their failure to cope in the labor market.

Many participants suffer barriers to employment more serious than a lack of job skills. Careful attention must be given to the development of proper attitudes in program participants. The emphasis should not be merely the development of someone who can operate a machine or a typewriter. This calls for in-depth world of work orientation which includes a variety of perspectives and components. For example, getting to work on time, dressing properly, interviewing techniques, awareness of skills transferability and awareness of personal strengths. No institution available to the CETA system other than Community Based Organizations can accomplish this feat. In conjunction with specific skills training programs, world of work orientations must parallel the progress of participants, in the form of group, on-the-job or individualized counseling and other program support systems.

Labor organizations are, in fact Community Based Organizations. Labor organizations have been in the employment, education and training business longer than most other Community Based Organizations. They posses firsthand knowledge of the skills, attitudes and experiences required for specific jobs. They are, in effect, ideal CETA program operators.

Where labor organizations do not run programs directly, their input must be solicited in the planning, development and implementation of all programs. This input can be invaluable in the development of programs which truly prepare people for the world of work. This form of input is presently required under current legislation. Not only must this dialogue between CETA and labor organizations continue, it must be encouraged in order to ensure valuable experiences for participants.

Federally financed public service jobs must be jobs in addition to existing positions. State and local governments must not be permitted to layoff or discharge permanent employees or reduce their budgeted workforce in order to hire employees with federal funds. Workers hired and/or trained under the CETA program must be accorded the same general conditions of employment as regular employees. The Connecticut AFL-CIO urges that provisions be made to ensure adequate wages and working standards in all Employment and Training programs in both the private and public sectors. In every case, the prevailing wage for the type of work in the area should be paid, certainly no less than the minimum wage and at the same pay scale where their is a union contract in effect.

Public Employment and Training programs should not be used to subsidize substandard employers and to undermine the wages and working conditions of other workers, to aid runaway industries, to subsidize jobs where the labor turnover is high, or to fund jobs which do not call for training before hiring.

The Connecticut AFL-CIO and its affiliates will continue to monitor the administration of Employment and Training programs, and will bring to the attention of Congress those actions which ignore the will and intent of Congress. We urge the continuation and fulfillment of requirements in Employment and Training legislation that labor organizations involved have ample opportunity to participate in the planning, development and implementation of Employment and Training programs at the state, local and national levels.

In summary, the Connecticut AFL-CIO and the United Labor Community Services Center, Inc. urge the continuation of public employment and training programs. We encourage the maintenance of existing delivery systems and the true maintenance of the original goals of CETA: Assisting those with substantial barriers to employment. We discourage and urge you to consider, seriously, present positions to create a program which merely provides private industry with a commodity: Persons who possess specific job skills. We recognize the need and hope that you also recognize the need to prepare individuals for a life of work which invariably means a need for a continued ability to reassess one's career goals and skills and one's ability to change fields as is necessary.

The country must be ready to shift the skills of it's labor force to meet the challenge of technological changes. Therefore, we must provide individuals with these capabilities or we run the risk of seeing many of our workers displaced, with substantial barrhers to employment, including some of the CETA participants we are currently training. We must not waste this valuable natural resource.

Mr. **Jeffords.** Ms. Powers?

## STATEMENT OF STEPHANIE POWERS, SUPPORTED WORK DEMONSTRATIONS, TRANSITIONAL EMPLOYMENT ENTERPRISES, INC., AMHERST, N.H.

Ms. **Powers**. Mr. Jeffords, and ladies, finally, it is nice to know that CBO's reflect our populations. I think this is the first panel that has women on it. I think in order to lend credence to our remarks, I just have to give you a little brief overview of where I have been.

I have spent the early days of my career in the world community agencies, a VISTA volunteer. I also functioned as a neighborhood youth corps counselor. In those days, we wore many hats. We were terribly dedicated at that time and worked for virtually no pay.

After 2½ years of working in my community of several small rural towns in central New Hampshire, I progressed upward to the State of New Hampshire in the county as their first planning director, and behold here I am, still alive 6 years later and after that experience.

The true meaning of the word "bureaucracy" after 4½ years hit me right between the eyes when I chose to go to Washington and become a member of one of the youth employment intermediary organizations that was assisting the Labor Department with the in-school youth employment and training demonstrations.

This position gave me some perspective that I had never had before. I traveled around the country and worked in at least the 30 different geographic areas with school districts, prime sponsors and CBO's. I was convinced after that experience that the local level is where it is at, and that is where it all makes sense.

So, I returned to New Hampshire and developed a supportive work transitional employment program for mentally retarded youth and adults, which is also based in the private sector. Ironically, with my return to New Hampshire, I returned to the role of being a subcontractor to CETA prime sponsors once again.

I feel that I have made the complete circle and have viewed the whole CETA-CBO question from a variety of angles.

On one hand, having sat on both sides of that CETA-CBO question affords me the opportunity of understanding each as service deliverers. On the other hand, it does create a dilemma situation for me in choosing one over the other as the sole deliverer of employment and training services in a community.

I know the strengths and weaknesses of both. I would not choose one over the other in the present state that they are in, but rather I would advocate that they work in concert.

CBO's simply by their nature are people-oriented organizations. By definition, they are based in a community which can be an urban ethnic neighborhood, a discrete town, one or more rural counties and sometimes in the case of particularly northern New England, an entire State is our community within which we operate.

CBO's are established to provide services to the community which has created it. They exist because a group of people identify a gap in service in their community or see a particular population having specific needs.

A CBO sees itself as being a successful deliverer of service when its community makes a financial commitment to support it year after year. Its accountability is to its community.

A CETA agency, on the other hand, for the most part is a governmental agency. It springs from legislation due to federally identified needs. The accountability in the CETA agency is to its local political unit. That changes. It comes and goes with the election tides. It is successful if it adheres to regulations and legislation. It, by nature, has to be paper-oriented.

If you would like to know my opinion on which of the two serves people better, I would recommend CBO's. If you want to know which excels in the paper processing, then CETA's greatest strength emerges.

However, I remember—and one must remember—that people cannot exist without some element of paper processing in a publicly supported system. I think we realize that.

What I urge you to do as public policymakers is to please balance the people and the paper in the right amounts, in the design of the next employment training system. Please develop something that makes sense locally to those of us who are trying to operate those programs, one that allows true flexibility based on local need and that emphasizes people.

Paperwork in the right amounts that also makes some sense will be accepted without much complaint. If CETA emerges from its reauthorization with the same adminstrative structure, then a coordinated and possibly mandated working relationship should be fashioned between the local CETA agency and the CBO's in its community.

I qualify this statement, though, by saying this—fashion a role that makes sense for both entities and make the expectations realistic. However, if a new employment and training vehicle emerges, then I suggest a strong role for both CBO's and the educational facilities in the community be considered with a more minor role for the political jurisdiction.

Of course, this is not a politically popular stand, but I am looking at it strictly from a qualitative programing point of view.

Using some of the traditional employment and training terms, let me venture an assessment to you of both types of agencies' abilities in the delivery of services on the local level.

CBO's are good at outreach and recruitment of clients, counseling, client followup, short term project activity, youth job placement in the nonprofit sector, crisis management in general goes along with everything and citizen boards and local fundraising efforts.

CBO's are mediocre or poor at sophisticated statistics, labor market analysis, private sector job placement, institutional skill training and bureaucratic grant writing.

CETA's, on the other hand, are good at MIS systems, financial tracking systems, program monitoring, bureaucratic but not necessarily creating grant writing and complicated grant processes.

Some prime sponsors are good at client vocational assessment, private sector OJT placements, public jobs development and planning and evaluation of their programs.

Most primes are bad at remembering the purpose and the people for which CETA was created and, of course, in capital letters, I must emphasize there are exceptions to every rule and to everything that I say.

Let me just expand on a couple of these areas.

CBO's know who and where the eligible population is. They are the masters in the outreach process. Good CBO's have credibility and rapport with their communities. If the Federal employment and training system chooses to serve the most disadvantaged, CBO's know who those people are and where they live.

A CBO begins to weaken as it moves into the skill training area for a variety of reasons with costs being a major factor. High quality institutional skill training, which effectively prepares the disadvantaged for competitive jobs is a costly venture, requires space, equipment, experienced and sometimes certified personnel and adequate overhead allowances to administer the program.

Most CBO's would have to undertake capital construction on projects to get into this business in an effective way. These folks cannot generally compete with the established skill centers and the educational facilities which can provide these things in a comprehensive approach.

Local CBO's operate out of storefronts and community centers or store things in a multiservice center. They simply cannot operate training programs for welders, auto mechanics or data entry operators.

These training programs, I believe, must occur on the industrial site or in the educational facility or skill center.

CBO's generally do not have credible links with the private sector, and I emphasize credible. They usually are seen as beggers or do-gooders in their community. They have hit up private businesses over the years for cash donations, in-kind contributions and discontinued stock with which to run their increasingly sparse programs. Social service CBO's do not fare well in their linkages with private employers if they are also seen as antiestablishment single-purpose advocacy groups.

Unless that image were to change, I think it would be difficult for the local welfare rights organization to get to first base with conservative corporate structures.

I would like just to move quickly to the other side of that scoreboard now. The CETA system has developed an inordinate ability to make up paperwork which moves through complicated mazes of tracking systems.

Of course, we all realize these systems have developed as a responsibility to the myriad of Federal regulations that have been promulgated over the years to increasingly protect the taxpayer's money. But as one who was assisted in the birthing of an original information and monitoring system, I now stand on the outside aghast and appalled at the voracious paper consuming monster that has been created.

There is no doubt in my mind, after having participated in the CETA experience from all angles, that the paper and the faceless system have hampered the delivery of effective services to the disadvantaged people of our population.

To be very frank, as a local service deliverer, I am now anxious to rid myself of the unfeeling CETA bureaucracy and its unreasonable and flexible system that predicates everything on the principle of being guilty until proven innocent.

CETA, prior to private industry councils, was generally notorious for poor working relations with the private business sectors. Again, concentration on documenting paperwork and threatening Federal regulations, such as affirmative action and OSHA, worked against a local CETA job developer at every step.

CETA planners developed over the years an increased expertise to match program approaches with labor market needs. However, their well-thought out plans were rarely implemented in the time frame planned, political influences, especially in the area of staff hiring offered for good program development.

For personal experiences, I know that prime sponsors helped CBO's into staying for many years. The ironic thing about that was that many of the prime sponsor staff, the newly hired prime sponsor staff, were pirated away from local community agencies and CBO's.

Accountability was demanded by the Federal Government and CBO's generally could not make the grade. They were unsophisticated and unprofessional. CETA was becoming a systems snob and the CBO's just were not there. CETA prime sponsors chose many cases to operate their own program rather than risk losing control for accountability purposes.

The initiation of the youth act opened the door for CBO's and CETA's to open developments in a more formal way. CETA's had to use CBO's to get the youth employment business because the CETA agency simply could not compete with the CBO to muster up a youthful constituency.

I think CBO's, now CETA's, is simply a funding conduit with no commitment to solve community problems and granted there are rare birds in that field of 400—I guess 500 or so CETA prime sponsors.

The CETA linkage should be defined in a way that allows for each entity to breathe and to show its best programing side. I would advocate for a collaborative approach, which most naturally would create, and hopefully a creative friction benefit to the client population.

In closing, I just would like to share with you my fantasy if I were the sole creator of a new employment and training system. I would define CETA as the program management consultant.

I would use CBO's to perform outreach and counseling functions in collaboration with the educational facility during the training. I would use the PIC and/or the local business organizations to reach out to the employers in the community. To oversee the entire operation, I would have local citizen constituent and peer agency boards to monitor and evaluate the effectiveness, feeding that information into the management consultant; that is, the CETA unit.

Lastly, in my fantasy employment training world I would strive to make the Federal regulations reflective of the needs of the local community, not the bureaucracy, thus giving the locals greater chance for success.

One final word of advice on your tough mission ahead. I truly believe from my experiences that it is the people who make the programs work. It is not the paper. Give the people who run the programs the money, the time and the authority to do what they know needs to be done in their own community.

Thank you.

Mr. **Jeffords**. Thank you very much.

Mr. Flores?

## STATEMENT OF HERIBERTO FLORES, NEW ENGLAND FARM WORKERS, SPRINGFIELD, MASS.

Mr. **Flores**. Mr. Chairman, first of all, I would like to say thank you very much for this opportunity for me to be here, and on behalf of the millions of Americans, especially those in New England, I wish to stress my appreciation for the opportunity to testify before you today.

The text is going to be about 12 pages, and I am going to make a summary of about 3 pages because we are running late.

My name is Heriberto Flores. I presently serve as the acting director of the New England Farm Workers Council. The council is in the 11th year of providing services to migrant and farmworkers in the six New England States.

In addition to the scope of service, we are an agency deeply rooted in those communities in which farmworkers' organizations exist, large or small.

My personal affiliation with the farm labor community goes back to my youth, when tobacco, and especially the farm, provided me with employment and income. Following a tour of duty in Vietnam, I returned to New England in the late sixties to address the glaring social and economic problems which beset the agricultural workers in an increasingly nonagricultural and regional economy.

The culmination of these efforts was the incorporation in 1971 of the New England Farm Workers' Council. From that year, until August of this year, when I assumed the position of acting executive director, I had been a member of the council's board of directors, serving as chairman for the last 5 years.

I also serve as a member of the board of regents for the State of Rhode Island, where I reside, and was appointed by the Governor. I have been involved for some time with vocational education and employment and training programs.

The comments which I offer today represent a confluence of two perspectives on the subject of employment and training. One perspective, that of an employment and training service provider under the CETA structure established in 1973, might be regarded as the more general of the two. The other perspective is that of an organization which administers employment and training and supportive services specifically and exclusively for farmworkers.

In view of these dual perspectives, the implications of reductions and/or major policy changes in our national employment and training effort are of utmost significance and concern to the New England Farm Workers' Council.

In this, the final year of legislative authorization for the Comprehensive Employment and Training Act, one might think it an appropriate time to review and evaluate, revise and redesign, and in the final analysis develop new and better legislation with regard to employment and training.

Considering the relative worsening of socioeconomic circumstances for many segments of our population in the years since CETA was initially authorized, it would seem minimally essential that a renewed national effort in employment and training include greater allocations of resources, better targeting of those resources, and substantial incentives for private employers to hire those Americans whose only distinction between you and me is a structural deprivation of opportunities and skills, such as farmworkers. The specific question I address in my prepared testimony.

The first question involves the effectiveness of community-based organizations in serving the CETA-eligible population. My candid response, based on necessary interactions with other types of organizations, units of government, and business entities in the provision of employment and training services I submit that CBO's provide the optimal means of identifying, representing and providing employment-related services, particularly to specific, targeted population segments.

The second question posed in regard to community-based organizations as CETA program operators inquires as to the necessity of a mandate for CBO's as service providers.

If in fact the CBO concept is recognized as optimal for delivering services available under CETA, there then is sufficient reason to mandate the CBO's continued role, whether under CETA or its successor, but with specific regulations, or they will be wiped out in 1980.

With respect to the issue of coordination among CBO's, I feel I express a widely held view that employment and training CBO's live or die on the success in their own organization. My own organization survives on the ability to enjoy the public sector; namely, the school training and prime sponsors, et cetera.

The employment opportunity of the private sector coordination is fundamental throughout the process. Of all the questions surrounding the role of CBO's in employment and training, perhaps the most pointed question relating to CBO's flexibility, my response is to say that there is a need and there is room for flexibility, but that any flexibility must occur within the existing framework of federally mandated, nationally funded and locally administered programs.

The retention of this framework is critical to any form of employment and training strategy. In addition, the final analysis will be determined by the development of our most important national resources—our people.

I believe strongly that CBO's have a valuable role to play in this development, and I urge you to continue support of CBO's as employment and training providers.

Mr. Chairman, I wonder if I may take 1 second to express this. I was sitting over here today, and I was taking exception to many of the statements that were being made by many of the people in the private sector, and professionals.

I am not a professional speech giver or a professional analyst of all this information. I basically have been a farmworker and somebody who worked from the bottom to make sure that I did not want to be a farmworker for the rest of my life.

I did not have a father who had a father who had a company, so I did not have to be a farmworker. When that statement was made today I took exception because the fact is that when we take Federal funds and we have to serve all Americans, not a few Americans, there is something wrong with that philosophy.

I think that a few years ago the people who are in leadership today on the NAB's, they used to be inside the ETA. They left the Government and they are now running the national structure of the NAB's, advocating that the Government does not have any role on employment and training.

I see a contradiction there. I sued some of those people a few years ago. I do not want to mention any names because I don't want to be slandered, but I sued some of those people because back in 1974 some of these people felt that I wanted to go into economic development with the organization.

I feel that the only way to deal with problems in the rural areas is that you can take some of this money and do economic development. Some of the people told me point blank that the regulations specifically stated that you could not use CETA money to work on economic development and put people to work.

So, therefore, we were forced to do social service employment training to put people to jobs that sometimes were not going to be there.

I just wanted to say this to this honorable committee—and especially to you, of the leading persons in this country on youth legislation and employment and training—to make sure that some of these comments that are made by very influential people of this country, not little farmworker organizations that do not have a heavyweight on the statements they made because some of the statements have implications of racism, have implications of economic oppression, have implications of taking some models of issues that as a nation—if we can put a spaceship in a few days that is going to cost billions of dollars; if as a nation we want to spend millions of dollars in destroying people, that we have to look at what we are doing.

We cannot go back to the old days and say that some of these programs did not work because somebody decided one day from the political point of view to take certain legislation.

There are 435 Members of Congress. There are 100 Senators and 1 President; 536 political people in this country decided there was a recession going on, and they decided to pump a lot of money to the public service employment, and they used that to a certain degree to their own advantage.

When that backfired, the same 435 Members of Congress, the 100 Senators and the President decided that that issue was, let's remove this away and throw CETA to the wolves.

I think we have to be logical on this issue. I have been in this system since 1973. It has served me also, and I see what it has done for farmworkers. If the issue is to eliminate CETA, as I hear now in Washington, the problems that we are going to have over here, not so much in Vermont, not so much in New Hampshire, not so much in Maine, but in cities like Hartford, Springfield, Holyoke, New York, and other places, where there are seasonal farmworkers—they are people working tobacco fields in the outskirts of Hartford, but they go to live in the housing of Holyoke, Hartford, or Springfield—if you eliminate all those sources of training and there is no way for the people to get out, I am not going to be in the street trying to help that happen.

Do not come and ask me, since you are a member of the Puerto Rican community, stop it. If it gets out of hand, I am afraid there is nothing I can do about it. I hope you can understand what I am saying.

Thank you, Mr. Chairman. That is all I have to say.

[The prepared statement of Heriberto Flores follows:]

### PREPARED STATEMENT OF HERIBERTO FLORES, ACTING EXECUTIVE DIRECTOR AND FORMER CHAIRMAN, BOARD OF DIRECTORS, NEW ENGLAND FARM WORKERS' COUNCIL

Gentlemen, on behalf of the millions of Americans who earn their livings as farmworkers, especially those who reside in New England, I wish to express my deepest appreciation for the opportunity to testify before you today.

My name is Heriberto Flores, and I presently serve as the Acting Executive Director of the New England Farm Workers' Council. The Council is a nonprofit organization in its eleventh year of providing comprehensive and diverse services to migrant and seasonal farmworkers in the six New England States. In addition to the organization's regional scope of services, we are an agency deeply-rooted to those communities in which farmworker populations exist, large or small.

My personal affiliation with the farm labor community dates back to my youth, when tobacco and specialty farms provided me with employment and income. Following a tour of duty in Vietnam, I returned to New England to work on behalf of farmworkers. With the help of other concerned individuals, efforts were undertaken in the late 1960's to address the glaring social and economic problems which beset agricultural workers in an increasingly non-agricultural regional economy. The culmination of these efforts was the incorporation, in 1971, of the New England Farm Workers' Council. From that year until August of this year, when I assumed the position of Acting Executive Director, I had been a member of the Council's Board of Directors, serving as Chairman for the last 5 years. I also serve as a member of the Board of Regents for the State of Rhode Island, where I reside, and have been involved, for some time, with vocational education and employment and training programs.

The comments which I offer today represent a confluence of two perspectives on the subject of employment and training. One perspective, that of an employment and training service provider under the CETA structure established in 1973, might be regarded as the more general of the two. The other perspective is that of an organization which administers employment and training and supportive services specifically and exclusively for farmworkers. In view of these dual perspectives, the implications of reductions and/or major policy changes in our national employment and training effort are of utmost significance and concern to the New England Farm Workers' Council.

In this, the final year of legislative authorization for the Comprehensive Employment and Training Act, one might think it an appropriate time to review and evaluate, revise and redesign, and, in the final analysis, develop new and better legislation with regard to employment and training. Considering the relative worsening of socio-economic circumstances for many segments of our population in the years since CETA was initially authorized, it would seem minimally essential that a renewed national effort in employment and training include greater allocations of resources, better targeting of those resources, and substantial incentives for private employers to hire those Americans whose only distinction between you and me is a structural deprivation of opportunities and skills.

Unfortunately, as we all know—and you gentlemen know well—these rational, strategic, and profitable considerations are likely to be subverted in the name of a balanced budget, inflationary military spending, and corporate and high income tax reductions. What is most disconcerting about this dichotomy of problem and solution is the fact that it is proffered in the name of economic recovery. I submit, from a front-line vantage point, that it is extremely difficult to explain to those unemployed, unskilled, and poverty stricken individuals that, in fact, the reductions in training slots, remedial education classes, and minimal support services will yield economic benefits for them.

The reality, gentlemen, is that the level of economic growth which our nation will attain in the remaining two decades of this century will be inexorably linked to the level of development of our most important national resource—our people. In fact, the full potential for economic prosperity—for business as well as for individuals—will be realized only if and when our labor force is expanded and provided with appropriate skills, and not necessarily when depreciation of machinery and buildings is accelerated.

The fact is, however, that human resource development—of which employment and training programs are integral parts—measurably lags behind other aspects of our nation's development. The consequent need is for broadened and more effective human resource development; the emerging problem is that the tools and resources to meet this need—such as on-the-job training assistance and skill development programs—are being reduced, and in some cases eliminated altogether.

It is necessary, I believe, to preface the discussion of CETA's reauthorization, or substitution, with contextual assessment of the realities surrounding the future of employment and training programs in general. To some, this assessment will smack more of rhetoric than substantive concern; only time will determine which is correct. It is relevant, however, for this discussion becaue, while debate over specific programmatic changes in CETA takes place among current program operators, other "interested" parties—such as the National Alliance of Business—are proposing a future for U.S. employment and training which would be effectively absent of a proactive role for current and, in many cases, effective E & T service providers. Ultimately, gentlemen, your respective committees may grapple with entirely antithetical models for the future of manpower programs.

At the beginning of this statement, I made reference to two "perspectives" from which my observations on employment training are made. I would now like to elaborate on those perspectives in the context of the specific questions put forth by you.

The first question involves the effectiveness of community based organizations in serving the CETA-eligible population. My candid response, based on necessary interactions with other types of organizations, units of government, and business entities in the provision of employment and training services, is that CBO's provide the optimal means of identifying, representing, and providing employment related services, particularly to specific, targeted population segments. Significant to this contention is the fact that frequently the existence of a community-based organization is poisted on serving a particular segment or segments of the population with a developed expertise in, for example, farmworker employment and training. It has been the experience of my organization that units of state and/or local government are unavoidably pluralistic in their approach to service delivery, hence the degree of commitment to specific groups suffers in addition to limited expertise in the particular service area. Perhaps equally indicting is the influence of politics which pervades the decision-making process of governmental units, with its accompanying patronage implications. Such is the inevitable fate of programs which become administered under block grant formulae. With respect to private or business entities, there is a pathologic tendency for service programs to be viewed as the "revenue sources" or "assets" of the organization rather than "resources" for service programs and client assistance.

The extent, of course, to which an individual CBO is effective (as well as efficient) in serving segments of the CETA population is determined by a variety of internal factors (i.e. management, linkages, acceptability by the client group, etc.). A significant advantage of the CBO concept lies in its adaptability to prescriptions of the funding source (in CETA's case, the U.S. Department of Labor), and in the direct exchange of technical expertise between grantor and grantees.

In the case of the New England Farm Workers' Council, the "uniqueness" of being a CBO has unquestionably contributed to our focused expertise in providing employment and training services, as well as the full range of farmworker specific services.

The second question posed in regard to community based organizations as CETA program operators inquires as to the necessity of a mandate for CBO's as service providers. In considering this question as a CBO, the immediate response is to recommend in the affirmative, and for substantially the same reasons cited in the response to question one.

If, in fact, the CBO concept is recognized as optimal for delivering services available under CETA, there then is sufficient reason to mandate the CBO's continued role whether under CETA or its successor. The experience of the last ten months has been revealing in the sense that many programs and services of vital significance, demonstratable effectiveness, and even economic contribution have been slashed or eliminated to offset a non-targeted program of federal tax cuts. And further, the policy of balancing the federal budget by 1984 requires two additional years of massive cuts in social programs, cuts which will threaten even the minimum funding levels at which programs will operate in fiscal year 1982. Accompanying the threat of budget reductions is the certain demise of our national employment and training effort in the event CETA is transformed to a block grant program. Thus, it is a tenuous supposition at best that effective service providers, among them CBO's, will survive without a mandate. We urge your respective committees to weigh this need for such a mandated status heavily.

It is with pleasure that the New England Farm Workers' Council takes up the third question of your committees, namely how well have CBO's coordinated in the past. In responding, I would initially point out that coordination and linkages have been fundamental to the accomplishment of the Council's goals from our beginning. By design, legislative mandate, and programmatic approach, we provide farmworkers with access to more productive and stable employment opportunities, and develop, where possible, opportunities for advancement within agriculture. We do this by utilizing the educational, training and supportive service resources available in both the public and private sector. Examples of such resources are community and state colleges, Prime Sponsor training facilities, private training institutions, and employer programs. Our direct services are designed to support rather than substitute for the employment development of the farmworker.

As a farmworker-specific CBO in the Northeast, the primary challenge to our programmatic success lies in the effective utilization of largely urban-oriented service networks to meet the needs of a rurally-inclined population. In our two largest service areas—Springfield, Massachusetts and Hartford, Connecticut—the inaccessibility and high cost of housing have forced farm workers and their families to reside in often substandard inner-city neighborhoods, with the added problems characteristic of urban poverty. ("Urbanization", as a trend in this region of the country, is similar in impact to trends in developing countries of Latin America, Africa and Asia, where increased urbanization is magnifying the dimensions of socio-economic problems and increasing the difficulty of achieving their solutions.)

The implications of this trend for my organization are today such that providing "effective" and "meaningful" assistance to our clients requires the capacity to provide "comprehensive" services. In a period when we face diminishing resources, this is particularly understood to require development of appropriate linkages and coordination of a broad range of limited yet valuable resources. The New England Farm Workers' Council believes it has been successful in this area, and can attest, through its experience, that other CBO's are effective service coordinators as well.

The fourth question of your inquiry relates to the flexibility of CBO's to change. I will phrase my answer in terms of the specific limits of my organization, though I believe there is substantial commonality among other CBO's, and particularly among farmworker CBO's.

The simple reality, gentlemen, is that any departure from a federally mandated, nationally funded and CBO administered program of employment and training for farmworkers will result in a worsening of chronic and systemic unemployment, underemployment, dependency and poverty among New England's migrant and seasonal farmworkers. The position that New England's prospering high technology and service-oriented employers will alternatively meet the employment and training needs of farmworkers is not one based in fact. And further, there are numerous examples, in our part of the country alone, of the growing failure of public and vocational education to effectively deal with bi-lingual and bi-cultural barriers to learning. These facts can ill-afford to be ignored.

Beyond the essentiality for retained national status, the future of farmworker employment and training CBO's is quite open to and in need of increased flexibility. Nowhere is the need greater than in the relationships between the CBO and prospective employment providers within the service area.

For the CBO's part, there is a critical responsibility to prepare clients for training and employment in those sectors of the regional economy which exhibit growth and opportunity. Employers in this category—many of whom have significant labor needs due to shortages of skilled or semi-skilled labor—must become more closely involved with directing trining resources to specific occupations in demand.[1] Additionally, due to eminent public resource reductions, the private sector must be induced to co-invest in training and employee development through targeted tax incentive programs. Presently-employed approaches are not sufficiently targeted or sufficiently attractive.

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[1] In Hartford, the expansion of the insurance and financial industries has led to 1,600-position-a-year growth rate in clerical and related fields, while at the same time the skilled and semi-skilled labor force is shrinking.

There is a second major flexibility change in which CBO's—my own included—are of vital need. That change is a broadening and diversification of service capability to reach new and related client groups. While diversification may inevitably reduce the number of CBO's providing employment and training services, it will, of necessity, maximize all available resources. In the end, however, no amount of diversification, no amount of private sector participation, and no short-term amount of economic recovery will eliminate the need for public resource allocation. This is the limit of flexibility of CBO's.

For you, the members of the House and Senate Subcommittees on Employment, the approaching need to renew this nation's commitment to employment and training brings into focus a multiplicity of issues, philosophies and possible directions. Inherent in any future policy, we hope, is a retained commitment to making this country the "land of opportunity," and for all Americans, not some. I raise this issue out of deep concern over sentiment that E & T resources should be redirected to groups with a likelihood for success, rather than those in need. Such sentiment expresses anything but fairness and equality, and will only lead to a worsening of our nation's problems.

In measuring the success and effectiveness of employment and training under the CETA model, the results will show that thousands of unskilled Americans are today placed in productive, unsubsidized employment and contributing to our nation's economy. The results will also show a huge and disproportionate share of expenditures on "public service employment". In the final evaluation, we indeed hope that distinctions will be recognized between the success of training programs in combating structural unemployment, and the more limited and temporal success of PSE programs in countering cyclical unemployment. We believe these distinctions to be important ones.

In concluding this testimony, I would like to recommend emphatically that your subcommittees insist on a continued recognition of the distinct needs and problems of specific labor segments. I say this as one who has, for many years, dealt with one of the most disadvantaged of all labor segments, the farmworker. To suggest that the opportunity needs of this group, or of the inner cities' poorest groups, or of handicapped persons do not require special recognition is to suggest retreat from an entire history of commitment. I trust you will not let this happen.

Thank you for this opportunity and good day.

Mr. **Jeffords**. Before you go on, I would like to announce that there is a smorgasbord that starts at 6 o'clock here. It is a dutch treat. Please get that clear before anybody hands me a check. The tab is $12. I will be there, and I am sure the others will be.

Go ahead, Ms. Curnan.

## STATEMENT OF SUSAN P. CURNAN, DIRECTOR, SMOKEY HOUSE PROJECT, DANBY, VT.

Ms. **Curnan**. My name is Susan P. Curnan. I reside in Danby, Vt.

Probably you will find my testimony is more implemented toward kids. I serve as director of Smokey House project, a program that combines youth employment training with demonstration of sound resource management in Rutland County, Vt.

Smokey House serves youth in 17 percent of the secondary schools in this State and seeks to serve more. Over the past 18 months I have also worked closely with three community-based organizations in New York City in developing effective youth employment training—the New York Youth Energy Corps—based upon the model developed at Smokey House project.

I currently serve as cochairperson of the region I planning committee of youth practitioners network funded by the U.S. Department of Labor and centered at Brandeis University.

I will give you hope. I am going to read my text only because I am given to anecdotes and know that it will be over 10 minutes at least, and it is the last testimony of the day.

In responding to the questions related to community-based organizations that I understand the committees are interested in, I want to point out that programs conducted by CBO's under CETA have varied widely in scope, services, and effectiveness.

Cutting across this range, however, have been two basic functions: One, income transfer; and two, employment training.

Practitioners who have concentrated on providing effective training for jobs would, in my opinion, agree that the two functions should not be mixed. If they are, a double—and essentially imcompatible—message goes to program operators and participants alike. Especially in the case of youth, such an approach tends to breed cynicism, if not downright negative work habits.

By contrast, effective training through real work, supervised by competent adults, produces the kind of response we received from inner-city youth last summer. For example,

> I like to work. It lets you use your mind and your hands. The crew leader lets you express yourself. If he says something, I do it. Then, I tell him if I didn't like it. He gives you the respect of listening. That's what makes this (job) different—respect. Most programs, there's no respect and no leadership. They pay you to play. I told them right off, if that's the way for this job, I don't want it.

My testimony today is based, therefore, on the assumption that service means training aimed at enabling people to become employed and economically self-reliant.

In accordance with my understanding of the committee's interests, I have prepared my testimony with the following questions in mind: One, how well do CBO's serve the CETA population; two, is it necessary to provide a mandate that CBO's be service providers; three, how well have CBO's coordinated in the past; and four, how flexible are CBO's to change?

I won't answer the last question very thoroughly, but I will say that I think it is mind boggling that we have developed the expertise to be flexible to change legislation, especially at the local level.

My professional background and my experience as director of a youth employment training program qualifies me best to concentrate my testimony on the first question, How well do CBO's serve the CETA population, with particular emphasis on disadvantaged youth.

The question of CBO capacity to coordinate is subsumed in the following statement with particular reference to schools and employers. The mandate that CBO's most need, in my judgment, is to provide training that is effective in making the participant employable.

Finally, the flexibility of CBO's must be directed to development of programs that can make a real difference to young people as contrasted with what has too often been the outcome of past legislation—satisfying the needs of the computers in order to be refunded, without the needed emphasis on insuring employability.

Assuming that serving does mean training that enables the disadvantaged individual to reach economic self-reliance through sustained employment, CBO's can serve the CETA population well. Operators of programs that achieve this outcome recognize, however, that training cannot be based only upon quantification, for example—and this is beating the old drum that we have heard earlier today—training must be accomplished in *x* weeks; *y* participants must be trained for *z* dollars each; and refunding will be based upon whether the CBO places a certain percentage of participants.

Under such a quantified formula CBO's are forced to cream, to select participants with the greatest strengths and who can thus be placed in the shortest time. Under these circumstances, CBO's can often serve participants well if the participants are already strong enough to hold the job, once secured.

A separate question that must be stressed is how to serve well those who have fallen furthest behind and provide them, especially youth, with a bridge over the employability gap.

CBO's can succeed in this task only if the CETA quantification formula is relinquished and replaced by a formula concerned with development of human resources. Such a formula means focusing on the training and will include specific program elements required to enable people to move from being unemployable to the level of employability as defined by business and industry. We heard about this earlier under the guise of competency-based learning.

A program aimed at these ends will do the following: One, accept the trainee where he or she is on the skills development ladder, recognizing that some may have a step or two to go before reaching the first rung; two, regularly monitor and document progress and establish successively ascending levels of skills to be mastered; and three, establish specific employability-related objectives for trainees.

Smokey House project and the New York City Youth Energy Corps are examples of programs that have developed methods to accomplish these objectives and have demonstrated their effectiveness.

Current literature and interviews with employers indicate that there is nothing mysterious about employability-related objectives. They are plain and reasonable for entry level workers.

Employers want to know the following: Can they read, write, communicate verbally, and do arithmetic at acceptable levels? Can they get along with peers and supervisors in a worksite setting? Can they assume responsibility for regular and punctual attendance? Can they observe worksite rules and regulations, including safety? Can they function as members of a team and grasp what that means for productivity? Can they solve problems? Have they gained a sense of personal achievement sufficient to provide strong motivation to do a job well? Finally, can they provide prospective employers with a record of satisfactory work experience?

Employers regularly state that if they can gain access to a work force with the preceding characteristics, the employers will do, and prefer to do, the necessary training. Thus, public policy must take into account that employability is the same as trainability from the employer's viewpoint.

The great majority of American youth are employable and trainable by the time they finish high school. A significant segment of our young people, however, are not. It is this group that CBO's can serve well if public policy recognizes the crucial importance of developing these human resources by mandating programs that enable these young people to move from America's street corners to its factories and businesses.

Schools alone cannot do the job for these youth because they drop out in frustration with classrooms where failure breeds hopelessness. Employers cannot do the job because they require productivity. These youngsters are not yet workers.

Who can provide the bridge across this employability gap for our severely disadvantaged youth? CBO's can do this job, but only in conjunction with the schools at one end and employers at the other.

Young people—the younger the better, including 14- and 15-year-olds—who begin learning in a worksite setting a half a day quickly connect the need for a half day of classroom learning with their own growing ability to work.

We regularly see that youngsters who have dropped out of school will return if they can also learn of the worksite at jobs that they, and adults, regard as real and necessary. Moreover, work site learning must not only be real, it must be based on a low ratio of youth workers to competent adult supervisors, no more than 6 to 1, industry's own span-of-control standard. It sometimes goes to 7 to 1, but they always cut it off there.

Such work also provides these youth with a direct sense of achievement—often for the first time in a legitimate setting—and, perhaps most important, puts the young person in a close working relationship with a skilled, trustworthy adult who expects him or her to succeed.

The significant segment of youth we are most concerned with too often are floundering without relationships with adults—family has given up, teachers have given up, leaving only the necessarily limited wisdom of peers and the illicit rewards of the street economy to rely upon.

These young people usually do not know a regular wage earner, much less how to work. Schools cannot teach them; employers, understandably, won't accept them. CBO's can accept them and through worksite learning can teach them how to work, as well as why classroom learning matters. The Smokey House and Youth Energy Corps programs illustrate how such a program can be carried out.

The low ratio of youth to skilled adults, while necessary, is expensive, but it should be noted that real and needed work performed by youth results in economic productivity that helps offset those costs. Moreover, the close working relationship with mature, competent adults eliminates the need for layers of counseling staff that usually drive up the costs of youth programs.

I need hardly point out that in the final analysis the cost is far less than lost productivity, economic dependence, incarceration, or the human misery of wasted lives.

I learned the other day that incarceration for a year for a young person ranges from $18,000 to $22,000 per year, California being the highest. That is outrageous.

Earlier I stated that CBO's can well serve our most disadvantaged youth by accomplishing this necessary job in conjunction with schools and employers. The role of the schools is clear. Ultimately the private sector must be relied upon to give a fair chance to youth who have learned how to work despite extreme disadvantage.

In the meantime, however, CBO's need to work in conjunction with employers to insure that youth workers develop the skills employers seek and that records of progress and achievement are prepared and maintained in a manner that employers can rely upon.

We heard so much of this loud and clear from the Massachusetts contingent. What about cost? I often hear the statement, "That program really works, but we can't afford it." My immediate reaction is to say that we can't afford not to support programs that work for our youth.

There is a far more carefully reasoned answer that deserves real attention, and I want to discuss it. First, however, it is worth nothing the kind of simplistic arithmetic that has been engendered as a consequence, in my judgment, of the imprecise objectives of CETA—training? income transfer? a mix?

This lack of clarity leads to the following kind of calculation familiar to all of us—take the cost of available programs, divide each by the number of participants, and select those that serve the largest number for the least cost per participant.

This assessment of results relies, of course, on the quantitative formula. It does not differentiate between—indeed, it does not consider—qualitative results, outcomes for people, development of our human resources.

We cannot avoid the conclusion that such policy is aimed at spreading money around—that is, income transfer—and not at enabling participants, especially youth, to change their dismal situation.

Income transfer is a longtime, basic element of public policy. My concern is that without careful definition it spills over and waters down training—training of youth to work.

Consider, I ask you, the impact on young people if they perceive their Government as offering help but providing programs without substance. Think about what the youths said last summer—if this is another program that pays you to play, I don't want it. Consider, too, however, the intensified alienation that many young people feel when they know their Government is paying them to do little and achieve nothing.

This problem is summed up for me when I hear people connected with CETA programs say quality and quantity of work doesn't matter, that old adage it is good enough for the Government. "The Government doesn't care. They just pay you, anyway." Such outcomes do not serve society or our young people well.

The kind of calculations that do deserve careful examination take into account two outcomes of real significance to young people: One, learning the skills, habits and attitudes that make them employable; and two, remaining in school to develop the cognitive skills that will be required in more than 90 percent of jobs in the computer age.

Moreover, if these skills are learned in programs that involve real and needed work—such as New York City's Youth Energy

Corps, which conducts basic weatherization in low-income housing, or programs that carry out necessary work in our State or urban parks—the work itself represents economic return that should be calculated as offset to cost.

Solution of complex problems requires sophisticated calculations. We can no longer rely on simplistic arithmetic that results in spending large sums of money with little result. There is a whole system for this called benchmarking that can be incorporated to legislation.

Once more I submit that the task before us is to enable our youth to become employable by providing them with real work and supervision that trains and motivates them to do work well. With legislation aimed at work and effective outcomes for youth, CBO's can do this job. Indeed, some are already doing it.

You have learned much from these programs and others during the past 3 years. We know what to do and how to do it. Your very presence here today encourages us all to believe that you are determined to stand by our disadvantaged citizens and to see that America's young people, in particular, have the training they need to become workers who can take their place in society.

If the kind of program I have outlined here were in effect today, a significant segment of our youth would have options other than welfare and the illegal rewards of the street economy and critics of youth employment programs would become supporters on account of savings on welfare costs, safer streets and a more productive society.

Thank you.

Mr. JEFFORDS. Very well said by all. I think you put the emphasis back where we certainly want it, and that is on the human aspects, human improvement.

I guess carrying forward with that, I would be concerned about what would happen to CBO's. I would just ask this question: If we do design legislation with the block grant type concepts, what do you think would happen to CBO's if we did not delineate specifically that CBO's ought to remain in existence?

Ms. POWERS. It depends on whether you gave the block grants to the CBO's or the CBO's to the block grants. I think that is probably pretty apparent from a CBO point of view. There are CBO's that are long and aged and have good political roots. There are a lot of CBO's that do not.

The block grant process very clearly is going to be a political process in one form or another. For CBO's to survive, they are going to have to get into the business of lobbying, spending time on those kinds of activities that very often take us away from work for extended periods of time.

Mr. FLORES. From my perspective, we just submitted the proposals to the Department of Labor. We have to compete every year for our money. We have been competing for 10 years, so to us competition is good. We live in a capitalistic society, and it is good to be competing, so we know one can take anything away from you.

If you do it on a scale from 1 to 10 and if a Governor and I have worked for a Governor and a mayor—has $1 million to give out to a group of people, he has to look at it from a political point of view, who is going to give me the most vote?

Farmworkers are not going to give the mayor or Governor the most votes, but in fact they are the ones who need the most services. Children are not going to give the mayor or the Governor the most votes, but in fact they may be the ones who need the most service.

So, the disadvantaged people, whether handicapped or whatever, Spanish-speaking people who might live in Hartford and Springfield, who are Puerto Rican citizens who in Puerto Rico when they vote, they vote 95 percent, but when they come to Springfield and Holyoke, I can't even get them registered because there is alienation between them and the system.

So the mayor does not have to put the money there unless I can get the people to vote, but the year I do that, they blow me away. They would say, "I give you money to do some service, not to register those people." So it can become a very vicious circle.

In the past, as a matter of fact, in Massachusetts we did not have competition. The advantage was that we were able to do good programing. If you can do good programing, everybody supports you.

In Massachusetts, nobody competes against us or Connecticut or Rhode Island. The Governor supports the entire congressional program, but if the money for farmworkers comes directly to the Governors, that is going to be election year, and I would be afraid to say that the organization, being alive for 11 years, and we have a fiscal system and we have done nothing.

We have been sponsored without the big bucks and without the big administrative service, and we have dedicated people.

That is one thing that makes CBO's different from Government agencies. We have dedicated people. I have been involved in this organization because I believe in it. I was a farmworker once, and I believe that through this structure we can do something.

The same thing with the other people. What I need to hear from this committee and what I need to hear from this country is to let me know if as a unit I can make it. There are hundreds of thousands of Heriberto Flores or Joe Smiths who can be helped through this kind of program, and they are not going to make it.

My concern is that I need to hear from the committee and from the Congress and from our leaders whether it is going to be a hypothetical policy to say yes, we want to be involved with those people, and we are not going to put any money there.

If that is the case, I am going to go and open my own private corporation and make money first and then after I make money and I am rich or whatever it is, I will come and help some of my people.

That would be the logic because if I have to depend on the Government to put some bucks up there, they are not going to have it, if I have to depend on some other businessmen. Out of every 100 businessmen, maybe one is socially aware and concerned that he is willing to put the money to support the community. You have another 99 who don't want to hear it.

That is as clear as I can put it. I think that under the block grant structure, some organizations can survive better than others because they have political knowledge somehow.

As a matter of fact, this year in New Hampshire I met with somebody from Senator Humphrey's office, and it was amazing. I guess my philosophy is considered a liberal philosophy. Somebody told me Senator Humphrey's philosophy is supposed to be to the right.

Without disrespect to Senator Humphrey, his philosophy was conservative. I met with some of his aides and the people told me he was not going to talk to me. But you have to talk to everybody. I went and talked to his aide up there. When we finished, we ended up that we were talking the same language.

His philosophy was that you don't give a man a fish for the day because then he doesn't know what else. The philosophy was teach a man how to fish and he can eat 4,000 years.

That is our philosophy at the CBO. We don't want welfare. If the country was really talking about eliminating welfare, the country should eliminate all welfare only for those people who need it because welfare is one of the most destructive things that this country has developed to keep some people oppressed.

There is preliminary indication in this country that Puerto Rican people like to be on welfare. Well, I am Puerto Rican. I don't like to be on welfare, but I like to be making $200,000 a year. In order to do that, I have to work hard.

Mr. **Jeffords**. Or play baseball.

Mr. **Flores**. Yes, sir. I don't know how to play baseball. I have to work for the private sector if I want to do that. But at some point, you have to decide. The question is not making $200,000. The question is you made it. The country made an investment on me for whatever reason.

I have a responsibility, as many of the people in CBO's. You find the CBO's have the highest retention of employees. You have people working for 5, 10, 15, 20 years. You might leave the CBO's and work for the Government and come back to the CBO's.

There is a structure there. I think that we believe in what we are doing. As a matter of fact, for the record, there are three people that are great people that work in my organization; that is, Grace Taylor, Jim Malone and Bill McCarthy. In all this research over here—we have done great research, and I wanted to mention the names for the record because it is important.

We believe. We love our people and ourselves and we believe in what we are doing. That is the kind of spirit we have. I think if this country ever takes away the policy and destroys the CBO's, I think to start rebuilding the belief that we have put in the CBO's for years I don't think that we can do it again.

Even if we lose it for one or 2 years and setting it up again, with all due respect to this committee, I think that people like me and other people will leave, and I think that we will change our philosophy in terms of what is going on, when a new President gets elected and all the work we have done.

I spent 11 years of my life in my organization. I have a daughter who is 4 years old. This organization that I have spent my life we got this organization started with $33. As a matter of fact, we did not have the $33 together and the Council of Churches lent us $5. That is the way we started.

I spent 11 years of my life putting this structure together. We have helped thousands and thousands of people. We do a comprehensive structure because that is the way we believe. When you deal with disadvantaged people and the people in the industry don't want to deal, you have to deal with the whole person. It might be drug problems, alcohol problems, mental problems, all kinds of problems.

When you take one person and you provide training and you place that person in a job and you don't even have to do a followup on that person; when you take somebody on a summer day, it was 90 degrees, and they are picking tobacco and it is hot and they are only making $2 in the field.

You can find a job in the foundry paying $6 an hour and they come back and say this is a great job because it is different, but they make more money. So I just wanted to say that if we have to compete in the block grant, we don't have the political vote.

Mr. **Jeffords**. You understand our position. The Governors are screaming on the one hand that this federalism is a sham and what you have to do is give us a blank check to distribute the money. Then we have people like yourselves screaming on the other hand, don't give it to them, you will wreck all that has gone on.

Mr. **Flores**. You can give it to them, but make sure you put in the regulation 25 percent of your moneys have to go to CBO's or whatever. That is OK. I don't mind, and they can have it.

Ms. **Nulty**. Before I even address the issue of whether or not CBO's would survive a block grant, I think first we have to look at what is happening to CBO's now, considering all the budget cuts.

I know in Connecticut, with the budget cuts, we have many of them already gone and many floundering about ready to die and a few still kicking. As a matter of fact, I have seen tears, or close to tears, in many CBO directors over the last 6 months. So if it goes to block grants—I hope it does not go to block grants—I think it depends a lot on who will have the power over those block grants.

I know in the State of Connecticut, the government is making significant efforts to work with economic development. So back to Stephanie's comments about private sector's feelings about community-based organizations, I can only speak from the perspective of my State.

If you give the money to the Governors to distribute, and if the Governors are playing the economic development game, I think we can see the demise of CBO's.

One other thing. If there are a few CBO's that are around that have the political power to be able to grab some of the money, what we are going to see is an incredible duplication of service.

It is a duplication of service that I have seen in many of the pictures, in particular one picture in the Connecticut area where they just incredibly duplicate other services available in the community because they do not trust the other services available in the community, which is a terrible waste of the scarce dollars that are available.

So I think that is what we might see.

Mr. **Jeffords**. Susan, I realize you are not as intimately involved in this.

**Ms. Curnan.** I do have something to say. Anybody here from Vermont——

**Mr. Flores.** That is what I was talking about.

**Ms. Curnan.** But I think that I am optimistic and naive at the same time, but I think that that, as Stephanie said, some of the limiting factors are time and safety. CBO's are not very well prepared to spend either one of those. But it is a matter of marketing, and I think in working in concert and that is what we can learn from the marketing.

It is by no coincidence that CBO's are on the last agenda of the hearing. They are always the last. You can only get a private sector guy for half a day. Only the morning, because he has to go back and make money, and CBO's sit around all day, but then you don't have your proposals ready to go and all of that.

I am optimistic because of what we have managed to learn, the good things we have learned from some members of the private sector, and that is marketing. We have a service that they need, in fact, if legislation requires us to serve the most disadvantaged.

If we do, we can do it best and they know it. They can't do it, and they want to get the kids who are already job ready in to get placed and work with the schools for those kinds. There are those kids who are falling through the cracks that they need CBO's for. So, I think it is a marketing issue.

**Ms. Grayson.** Since it is so late, I don't want to ask a question, but I would like to ask for some help; that is, particularly in this issue of designing performance criteria that there seems to be a strong movement to a performance-based system.

A number of Members of Congress and I think, and probably even some of our committee members have expressed the same concern, that CETA has not been sufficiently performance oriented in the past, but we do need some help in designing criteria that reflect this qualitative factor that you mentioned.

It is a very troublesome issue for us as we are trying to draft legislation how we have a system which can be held accountable yet also serves those most in need and deals with some of these other issues.

So, if you could give us some of your recommendations—the more specific, the better—it would be very helpful to us.

**Ms. Curnan.** Please call us. Stephanie and I are chairing a network and we just set up this network on Friday.

**Mr. Jeffords.** I appreciate the patience of everyone. I know how it is to be at the end of the panel as much as you would like to say forget the last five panels and we will rush right through. You put as much work, or more, as anyone else in your testimony.

I appreciate your patience in waiting to be heard, and I would like to thank everyone for the tremendous job that they have done of providing us with many, many ideas.

As has been pointed out, this is one of the best field hearings that I have been on. This is a very critical time, and critical area, and people are responding in good form especially now that the reality has set in. We have not seen much response from out in the field, but now that reality has really set it, it is coming.

That is good. It will be in time, hopefully, and we will be preparing specific legislation. We will need your help in that. We will be getting back out to you either generally or somehow with the specific legislation, and we would like your comments at that time.

With that, I will declare the hearings closed.

[Whereupon, at 6:20 p.m. the subcommittee adjourned.]

[Material submitted for inclusion in the record follows:]

TOWN OF SOUTHBRIDGE,
*Southbridge, Mass., November 13, 1981.*

Hon. GUS HAWKINS,
*Education and Labor Subcommittee On Employment Opportunities,*
*Washington, D.C.*

DEAR CONGRESSMAN HAWKINS: By way of introduction, my name is Lawrence Hyman. The Chairman of the Southbridge, Massachusetts Town Council and member of the Central Massachusetts Regional Private Industry Council.

The material attached is a letter of testimony of the CETA reauthorization to be entered into the congressional records as part of the hearings held at Brattleboro, Vt., November 2, 1981. I would like to thank both you and Congressman James Jeffords for the opportunity to submit this testimony.

Sincerely yours,

LAWRENCE HYMAN,
*Chairman, Town Council.*

## TESTIMONY OF LAWRENCE HYMAN, CHAIRMAN, TOWN COUNCIL

Southbridge, Massachusetts has been one of the lead subgrantees in the Massachusetts Balance of State since the inception of CETA and while testimony has been given by non-chief elected officials stating that there is a "growing concern among chief elected officials responsible for subgrantee jurisdiction that they should not be invested with the authority and accountability of a job training system", I feel that it is of great importance that I as one of those chief elected officials, state that I am strongly committed to the continuation of the decentralized system that currently exists with both the authority and accountability that is contained therein.

Throughout the years a great deal of professionalism has been gained in the system as it now exists. It is not the time for "experimentation". While it is obvious that the system currently in place can continually be improved upon, I believe that any extreme changes in the CETA reauthorization could only be regressive in nature and put us back to square one in employment and training authority. While I would support stronger linkages in the coordination of services with other programs such as the employment service and vocational education, it does not appear to me to be appropriate to consolidate these agencies into a single system with a single purpose. Each agency has a separate mission and CETA alone has been given the mission of serving the economically disadvantaged with respect to training these individuals to become economically self-sufficient. Agencies such as the employment service and vocational education should continue in their roles as supporting entities in servicing this target population. I feel strongly that there should be a continual strong federal role in the function of training and in the overall economic development of any given area. Unskilled labor and unemployment does not merely affect any one given area but it affects the entire nation as a whole. Therefore, I would be opposed to block grants given to the states for training purposes. This would undoubtedly have the effect of creating an additional layer of administration and may very well enhance the politicizing of the system.

In the Commonwealth of Massachusetts I would be opposed to a network of regional employment training authorities, "RETA's". It is my concerned opinion that large regional authorities would not effectively reduce the administrative entities within the state if the truly needy of the urban, suburban and rural areas are to be served equitably. In a suburban and/or rural setting Mass transit very often is virtually non-existent, therefore creating a situation whereby people within these areas could not be properly served without satellite offices being created within the various regional authorities. I would suggest that in light of continual reduction in CETA funding that consolidation of subgrantees be considered where necessary and that consolidation be reflected in such a manner as to enable the continuation of services in rural areas.

I would strongly support the continuation of programs for youth. I would be especially concerned with in-school youth programs. The strength of America has always been invested in our youth. However, surveys have shown that many young people throughout the years have been forced to discontinue their education in order to secure either temporary or full time jobs to assist in supporting their families. Six years ago in this area 44 percent of the unemployed population were high school dropouts. Partly due to the continuing in-school youth programs this has dropped significantly.

I would also suggest that CETA should play a bigger role in the overall economic development of our nation and the CETA reauthorization allow through local option, a larger "set aside" of monies to be utilized in re-training and upgading. Presently I believe 6 percent is the allowable figure. I would submit for your consideration, that perhaps 15-20 could be utilized in this area. Again, I would like to thank Congressman Hawkins for the opportunity to present this testimony.

## PREPARED STATEMENT SUBMITTED BY THOMAS A. HANLEY, DIRECTOR, RHODE ISLAND BALANCE OF STATE PRIME SPONSOR, DIVISION OF JOB DEVELOPMENT AND TRAINING, DEPARTMENT OF ECONOMIC DEVELOPMENT, PROVIDENCE, R.I.

### POSITION PAPER—THE STRUCTURE OF EMPLOYMENT AND TRAINING PROGRAMS

This paper is submitted for consideration during hearings on the reauthorization of the Comprehensive Employment and Training Act for fiscal year 1983 and beyond.

### A Social or an Economic Program?

The Comprehensive Employment and Training Act has been viewed as a social program. Given the socio-economic characteristics of its eligible population, the consensus of policy-makers is that only social programming can resolve the problems faced by the economically disadvantaged. In a position paper prepared May 1, 1981 by the Employment and Training Council for the U. S. Conference of Mayors, it is argued that the view of CETA as a social program is distorted on several counts. First, the paper states that a program should be perceived and conceived in terms of its functions rather than in terms of the recipients of its services - "The relevent questions is what does the program do rather than who does it do it to".

On a second point, the paper states that serving CETA target groups by social programs is erroneous and assumes that these groups cannot respond to the same stimuli as members of the larger society and that government is the only mechanism capable of resolving problems of these groups - "Even the so-called CETA private sector programs do nothing more than force private business into governmental modes of behavior".

Finally, the paper argues that CETA serves the entire community and should not be narrowly defined in terms of the target groups that are the direct recipients of CETA services. CETA provides training to develop a skilled labor force which benefits employers and pumps money into the local community.

Should CETA be viewed as a social program? The Rhode Island Division of Job Development and Training representing the Rhode Island Balance of State Prime Sponsor thinks not. When we measure the results of CETA, we do so by measuring the impact of its effect on the economy of the locality, state, and nation. CETA, therefore being an economic tool, has the goal of providing skill training to meet the labor needs of the community.

## The Basic Design of the CETA System

How then should CETA be structured if it is to have the maximum economic impact? It is of our opinion that a comprehensive employment and training system be organized into two major systems:

(1) Client Intake and Services Delivery

(2) Training and Job Delivery

We can no longer afford to send into direct placement, classroom training, and on-the-job training individuals who are not prepared. Private industry has endured referrals of unmotivated and otherwise unprepared individuals for years. How on earth can anyone and especially a governmental agency expect employers to continually jeopardize this most important resource (labor force)? It is imperative that "we" send to these employers well-motivated, prepared individuals. The foundation for a healthy relationship between private industry and government will be built not upon dollars from a disorganized on-the-job training program, but upon careful referrals of well-motivated and prepared individuals.

So critical is this point, that we would recommend a separate undertaking of bringing clients to the point where referrals to employers can be made with total confidence. This activity would be complimented by a separate training and job delivery effort.

The illustration at the end of this paper graphically describes the total system. You will note that there are five circles that we will call levels to employment. These levels are defined as follows:

Level Number One -- Unsubsidized Employment

Level Number Two -- On-the-Job Training

Level Numbe Three -- Classroom Training

Level Number Four -- Identification of Client Groups

Level Number Five -- Job Readiness Services

As can be seen, the innermost circle is unsubsidized employment.[1] As you look outward, you will note that on-the-job training is the next level indicating that this activity is closest to unsubsidized employment. The next level outward is classroom training which ranks just behind on-the-job training. Level number four is actually the entry point into the CETA program. This level includes the eligible population. You will note that the level contains four sections which we will call groups. These are identified as follows:

Client Group Number One -- Clients ready for Direct Placement

Client Group Number Two -- Clients ready for On-the-Job Training

Client Group Number Three -- Clients ready for Classroom Training

Client Group Number Four -- Clients needing Job Readiness Services

The final level identifies a variety of job readiness services that are provided by or initiated by the Prime Sponsor. These include work experience programs, job search assistance, remedial education, counseling, testing, health care services, and other supportive services.

The basic concept of this illustration is that clients entering the CETA system are assessed for placement into one of the four groups contained in level number four. The goal for clients in groups one, two, and three is to move inwardly toward level number one. The Prime Sponsor utilizes its Training and Job Delivery System to provide direct placement, on-the-job training, or classroom training to these clients. Individuals in group four do not enter the Training and Job Delivery System but rather move outwardly to level number five where the Prime Sponsor utilizes its Client Intake and Services Delivery System to provide one or more various supportive and job readiness services.

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[1] It is conceivable that an additional level of job retention could could be added. It would be within the Level Number One circle. To say that unsubsidized employment is the ultimate goal of CETA would be a mistake. More correctly, job retention is the ultimate goal.

Once these services are provided, clients may then re-enter level number four into either group one, two, or three.

The result of this approach would have the Prime Sponsor concentrating and maximizing its efforts on (1) insuring that clients are ready for placement within the local labor market, and (2) developing job training opportunities for clients who are well-motivated and prepared.

## The Specific Design -- Program Activities

What activities should be allowed in this two-tiered system? Our contention is that there should be three allowable activities:

(1) Job Readiness Services

(2) On-the-Job Training

(3) Classroom Training

These activities would be authorized under two Titles: Title I would include Job Readiness Services while Title II would include On-the-Job Training and Classroom Training.

Under Title I, Prime Sponsors would be able to concentrate and maximize services to individuals not ready for employment. In-depth assessment, counseling, and screening would allow the Prime Sponsor to organize their client load by the most in need and provide for them a full range of services. As an example, a prime sponsor may elect to establish a full-service center to intake clients, perform assessment to determine the most appropriate service(s), and then provide those services (or refer out to existing agencies) that will enable them to enter Title II services.

Title II activities would enable the Prime Sponsor to deal with those clients who are ready to be exposed to private and public employment. These individuals would either enter unsubsidized employment directly or indirectly through On-the-Job and Classroom Training Programs.

The attempt of the organization presented above is to enable the Prime Sponsor staff to specialize their efforts in the field of Employment and Training. Through Title I activities, staff would concentrate their energies on the social and economic needs of the clients while staff under Title II would devote their time to the needs of the community of which private industry is a major part.

## Accounting for the Effort -- How do we Measure Performance?

The Rhode Island Balance of State Prime Sponsor has continually realized a successful placement rate in classroom training and on-the-job training programs well over 80 percent. Yet, through the third quarter of fiscal year 1981, the actual entered employment rate for all of Title II B/C activities stood at 45 percent. On the one hand, we are telling employers that we have a highly successful training program; yet, on the other hand, we produce statistics showing that less than five out of ten individuals enter employment. This is so, because prime sponsors are asked to report their total enrollments and terminations for all of Title II B/C. Consider the following situation:

> Prime Sponsor X receives through its intake system 10,000 individuals. Of that number, 8,000 are CETA eligible. The Prime Sponsor provides initial assessment and employability development services to these 8,000 individuals, and as a result, has a total enrollment level of 8,000. Now, given the allocation of that Prime Sponsor, 1,000 classroom training and 500 on-the-job training slots were able to be developed. Also 1,000 work experience slots are developed of which 500 are for in-school youth. This Prime Sponsor now is faced with an eligible enrollment level of 8,000

individuals and program slots of 2,500. If I may develop this senario further, let us assume the following outcomes at the end of the fiscal year!

- Of the 1,000 individuals who enter classroom training, 900 are entered into unsubsidized employment.
- Of the 500 individuals who enter on-the-job training, 450 are entered into unsubsidized employment.
- Of the 500 individuals who enter out-of-school work experience, 250 enter unsubsidized employment.
- Of the 500 individuals who enter in-school work experience, all return to school.
- Finally, of the 5,500 individuals who remain and who do not enter a training program (for lack of slots), the Prime Sponsor is able to place into direct unsubsidized employment 500 individuals.

SUMMARY

| | |
|---|---|
| Total Served | 8,000 |
| Total Terminations | 8,000 |
| Entered Employment | 2,100 |
| Return to School | 500 |
| Other Terminations | 5,400 |

The performance of this Prime Sponsor is then:

| | |
|---|---|
| Entered Employment Rate | 26% |
| Positive Termination Rate | 33% |
| Other Termination Rate | 68% |

But, if looked at separately, the entered employment rate for classroom training is 90 percent, for on-the-job training 90 percent, and for work experience (out-of-school) 50 percent.

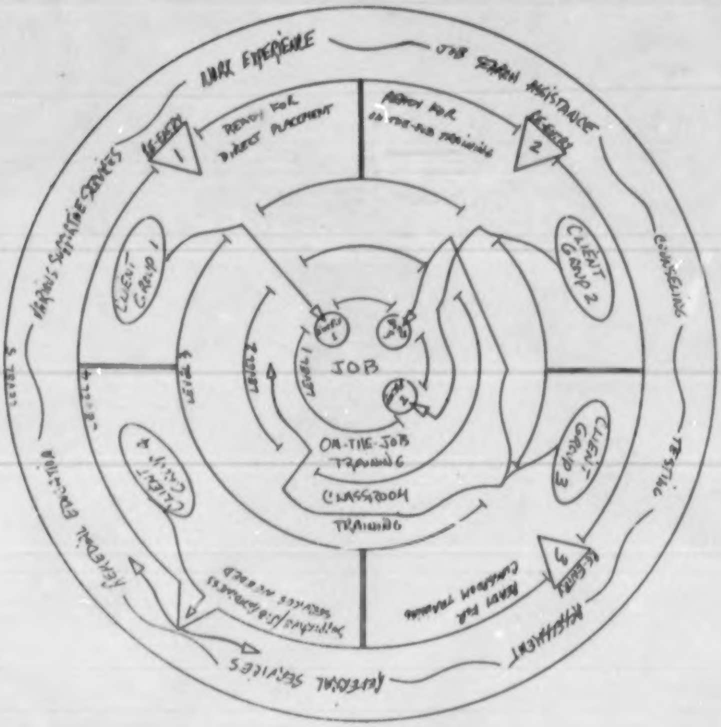
Now, how does this Prime Sponsor improve its performance? Does it try to increase its entered employment rate for classroom training or on-the-job training? -- Impossible! Does it try to increase it for work experience? -- Again, impossible! Does it reduce the number of people it serves? -- Not feasible, since they are all CETA eligible. In reality, it must bite the bullet.

Perhaps the Department of Labor can understand this situation, but how about the general public and private industry? Through our reporting system, they see a 26 percent entered employment rate from a prime sponsor who supposedly has an excellent training system.

The Rhode Island Balance of State Prime Sponsor believes that this situation would be corrected through the implementation of the service design detailed in this paper. Specifically, the Prime Sponsor would report the results of two Titles. In the example above, the prime sponsor would report under Title I (Job Readiness Services) the 8,000 clients who are CETA eligible and who enter the system. Specific reporting would include the number who receive various services such as work experience, counseling, remedial education, etc., and the number who transfer to Title II (Job Training and Placement Services). Under Title II, the prime sponsor would report the 1,000 individuals who enter classroom training and the 900 who are placed, the 500 who enter on-the-job training and the 450 who are placed, and the 500 who enter directly into unsubsidized employment.

Through this reporting system, one can measure the effectiveness of a prime sponsor in two areas: (1) preparing clients, and (2) training and placing clients. It will also be learned if a particular prime sponsor is indeed qualified to perform each or both of these services. The decision for subgranting one or both of these functions can be made easily.

Thank you for your time and your consideration on these vitally important issues effecting the economic future of the people of our nation.


WORK EXPERIENCE
JOB SEARCH ASSISTANCE
COUNSELING
TESTING
ASSESSMENT
REFERRAL SERVICES
REMEDIAL EDUCATION
VARIOUS SUPPORTIVE SERVICES
RE-ENTRY 1
READY FOR DIRECT PLACEMENT
READY FOR ON-THE-JOB TRAINING
RE-ENTRY 2
CLIENT GROUP 1
CLIENT GROUP 2
CLIENT GROUP 3
CLIENT GROUP 4
RE-ENTRY 3
READY FOR CLASSROOM TRAINING
SUPPORTIVE/SKILL SERVICES NEEDED
JOB
LEVEL 1
LEVEL 2
LEVEL 3
ON-THE-JOB TRAINING
CLASSROOM TRAINING

## THE RHODE ISLAND BALANCE OF STATE PRIME SPONSOR EXPERIENCE

The Rhode Island Balance of State CETA Prime Sponsor is in the forefront in its ability to customize employment and training programs to meet the diverse and fluctuating needs of Rhode Island's industry and job market. A unique approach that directly links Rhode Island's CETA training programs to the private sector is the fact that the Prime Sponsor is a division of the State's Department of Economic Development. Consequently, as the administration re-emphasizes the necessity of linking with the private sector, the Rhode Island Balance of State CETA Prime Sponsor is in a position to continue the development of training programs according to the existing concept that is well established and successful. Specifically, it may be noted that during fiscal year 1981, ninety-five percent of the participants entering our training programs transitioned from being unemployed and economically disadvantaged to employed, productive, and working toward their career goals.

As it is well known, all CETA participants must be economically disadvantaged and unemployed to enter CETA training programs. However, in addition to the participant's financial instability at the time of application to CETA, that individual may be experiencing a variety of situations that are necessary to overcome in order to eliminate barriers and be transitioned into unsubsidized employment. Such barriers to employment include but are not limited to lack of work experience, skill ability and educational level, attitudinal problems, and/or the lack of confidence. The Rhode Island Balance of State Prime Sponsor has an established mechanism in place, through which an individual's interests, aptitude, and employment barriers are identified through a comprehensive intake system. There are nine (9) area centers throughout the State. Applicants are cooperatively assessed in terms of which CETA activities are most appropriate and meet the interests and aptitudes of the individual. In addition to meeting the training needs of individuals, a support system is provided through the offering of continual vocational counseling, guidance and extensive job development activities.

The various activities and services that the Rhode Island Balance of State Prime Sponsor provides are specifically designed in accordance with the labor market demands and are interrelated with all CETA activities such as the Work Experience Program, Classroom Training, On-the-Job Training, Job Search, and the Youth Programs.

The CETA Work Experience Program is designed to give an individual the opportunity to learn what the world of work is like, how to develop good work habits (like getting to work on time) and attitudes. Work Experience is also used as a tool to allow the participant to explore a number of career fields. These placements are short term, not more than 90 working days, during which the participant receives a minimum wage. Very often, a work experience participant will transition into another CETA training program such as Classroom Training or On-the-Job Training in order to acquire the skills necessary in obtaining a job.

The Displaced Homemaker Program, part of work experience, for women who are trying to re-enter the labor force after many years, is very successful. Women, after many years at home, because of divorce, widowhood or husbands who are disabled, need to provide for themselves and their families. This type of population has increased significantly during the past years. The Rhode Island Balance of State is acutely aware of the increasing needs of women in this position. With the help of the Displaced Homemaker Program, eight percent of the women who have finished the program have not only found work, but have also developed a network and support system that makes them feel, once again, needed and productive.

A direct mechanism that links CETA training programs with the private sector is the Vocational Classroom Training Program. It trains participants with skills in areas where there is a high demand for trained employees and equips them with the technical skills for these positions. There are ongoing Classroom Training programs that meet the constant needs of Rhode Island's labor market as well as new job opportunities in a demanding or increasing field of work.

Of particular interest is the most recent and successful CABLE Television Training Program. The six (6) week program, designed in cooperation with Hinkels and McCoy, a world-wide known engineering firm, prepares CETA participants for the increasing demand for linepersons, splicers, and installers. This training program which is located in the Rhode Island Weatherization Center, not only teaches the trainees classroom theory regarding the specific job, it also instructs them in pole climbing. The pole farm, for climbing training, simulates a construction site where trainees learn to install hardward, strand, and cable. Installation instruction includes service drops and inside wiring in a modular housing unit. Graduates of the CABLE Television Program earn a good wage in an industry that is experiencing phenominal growth. The average wage rate is $6.50 per hour. The highest wage rate of one of the graduates was $7.50 per hour. An additional positive result of the program is that it costs only $2,098.00 per participant to receive training in such a lucrative field of work.

The Computer Training Program was designed and developed according to the demands in the Data Processing field. The curriculum content and methodology of the training program were developed with the input of more than thirty data processing professionals. Participant programmers are introduced to basic data processing concepts; math is reviewed and the working environment is surveyed to prepare students for the remainder of the program which attempts to simulate the pressures and problems of the real data processing position. The problem solving approach is central to all courses with emphasis on the development of logical thinking. To simulate realistic working conditions, pressures and deadlines are established and multiple assignments are common. A major portion of the program is a laboratory experience designed to improve problem solving capability.

The team concept is utilized whenever possible to accustom the students to cooperative efforts and to combining their talents to produce an end result. Team problem solving utilized the case study method.

The full time program includes an internship component which assigns each student for ten (10) hours per week for approximately twenty (20) weeks to a local data processing facility. The purpose of this experience is to acclimate students to the actual situation on the job, so that they will be prepared to deal with the pressures and personalities involved in working in this field. Internship experiences include auxiliary machine and computer operation activities and progress from simple to more complex programming experiences to reinforce classroom and laboratory learning.

Ninety percent (90%) of the graduates from the Computer/Business Application Program have entered employment. Salaries for graduates average $13,500 per year. The cost for training participants in this field is $2,730 per participant.

These are examples of only two of the vocational classroom training programs administered by the Prime Sponsor. Other vocational areas in which programs are administered include health occupations, electronics (a field traditionally comprised of men in which the Prime Sponsor has placed many women graduates in positions paying an average of $7.20 per hour) and other vocational areas.

Many of the jobs in Rhode Island, due to the many miles of coastline, tend to be seasonal and are related to the water. In its continuing effort to train the CETA eligible population in jobs compatible with the Rhode Island labor market, as well as provide employment opportunities in lucrative job areas, the Rhode Island Balance of State Prime Sponsor developed a Fishery Training Program. The seven (7) week program is affiliated with the University of Rhode Island's School of Oceanography in terms of the teaching of the current theories, skills of seamanship, as well as some diesel engine repairs and hydro-technology. An especially marketable skill that the trainees are taught is the repair of fishing nets, a skill that many seasonal fishermen and deckhands do not have. Ninety-three percent (93%) of the graduates of the Commercial Fishery Classroom Training Program are now working on many of Rhode Island's fishing boats, at a first year deckhand salary of $17,000 to $20,000 per year. It cost merely $2,816.00 per participant for training in this field.

Obviously, all the classroom training programs vary in terms of length depending upon the specific skills to be obtained. A job developer works with each classroom training trainee to place him or her in a private sector job, or the trainee may transition into the On-the-Job Training Program for hands on experience.

The On-the-Job Training Program, a direct linkage with the private sector, trains the CETA participant at the job site and as an acutal employee of a company. The company is reimbursed for up to fifty percent of the trainee's wages. Agreements are written with companies that are well established and new companies that have the potential to be stable according to occupational outlook statistics and and an advisory board of private sector members. Throughout the last year, this program has proven to be very effective, especially when a CETA participant has prepared for the OJT program by participating in a classroom training course and then has continued his/her training as an employee within a company. Eight percent (80%) of the CETA OJT participants are now employed in jobs varying from careers in welding to baking. The average wage rate is $4.50 per hour.

Unemployment among youth is now a national problem, especially for those youth who have dropped out of school and who are a minority population.

Chronic employment barriers, attitudes, lack of skills, and unemployment among adults do not encourage employers to hire teenagers. The Rhode Island Balance of State CETA recognizes this and has developed numerous youth programs to prepare, train, and provide the work experience necessary for the youth to obtain employment.

One particular program that has been extremely successful is the Vocation Exploration Program in the private sector. The Rhode Island Balance of State, in conjunction with the National Alliance of Business, has developed a program whereby near work-ready adolescents are placed in the private sector for an eight (8) week period to experience and test their skills in the "real world of work". The participant may have been involved in a variety of work experience programs prior to placement in the Vocational Exploration Program (VEP). As an extension and advanced step further leading to definite employment, the youth transitions into the OJT program. This program, geared toward youth, has resulted in placing seventy percent (70%) of its trainees in jobs in the private sector. The jobs that are attained differ as an individual's career interests differ. However, the wage rate of the youth does not start at less than $4.50 per hour.

Other youth programs, designed specifically for high school students and high school dropouts, 16-21, provide work experience for those youth who have never worked or have eratic work histories. In addition, the Rhode Island Balance of State CETA Summer Youth Program prepares and established work experiences for approximately 3,000 youth.

No matter what the type of population, the employment barrier or the participant's interest, the Rhode Island Balance of State CETA's system has the capability of meeting the employment needs of people and the labor force. Even if a person has absolutely no idea what their career or occupational goals may be, there is a mechanism in place to help an individual identify and focus their interest toward a career field and then assist them in searching for the job (Job Search Program) or assisting them in training for the job.

The Job Search Program is a special four (4) week CETA program that teaches a participant how to acquire a job. Through the use of such tools as video taping, the participant learns positive interviewing skills. The program teaches the participant how to look for a job via the DES job bank, classified ads, and employment agents. The last two weeks of the program, the participants utilize their recently job search skills while making appointments, sending out resumes, and interviewing for jobs. A built in support system of this program is that participants return to a group setting with other participants who are also looking for jobs. Information and experiences are exchanged during this time which helps during the process of looking for a job.

Statistically, the Rhode Island Balance of State CETA knows that the goals and objectives that we have set forth have been met. In addition, it is equally beneficial to hear from CETA participants about what their opinions are of Rhode Island CETA programs. The following comment was from one of the participants that was interviewed:

> "CETA is good for the underprivileged people in the way that it is willing to train them in something that they'd never be able to get training in themselves. And, when it comes down to it, they'll put the first foot forward for those who cannot do so."

With a comment like the one above, the Rhode Island Balance of State really knows what it is in business for.

## FOLLOW-UP SUMMARY

To evaluate the effectiveness of the Rhode Island Balance of State's Program, a study was commissioned which is currently being conducted by independent researchers at the College of Business Administration of the University of Rhode Island. This study includes a survey of CETA participants four, eight, and twelve months after program completion. The participants were asked to provide information about their economic situation and assess the value of the program to them.

The following comments are largely based on the findings of this survey, the current phase of which is going to be completed in January 1982. The surveys were conducted by means of telephone interviews. A full report is available at the Rhode Island Balance of State Prime Sponsor's office.

Many of those enrolling in CETA do so because they were disillusioned with their previous economic situation. During interviews, approximately two-thirds of the clients stated that they were either dissatisfied or very dissatisfied with their situation before they decided to enter the program. The poor economic situation of the clients is indicated by the fact that 90 percent had not worked during the last month before CETA. Furthermore, 25 percent were receiving some sort of public assistance, mainly AFDC. Almost all of them were classified as "economically disadvantaged".

Program participants stated that they expected CETA to help them improve their skills and get a job, if unemployed, or a better job than before. Evidence of program success may be seen through a series of objective and subjective criteria. For example, 76 percent of the clients interviewed indicated that CETA improved their chances of finding a job. Approximately 65 percent also maintained that CETA improved their chances of keeping the job they held. Participants, for the most part, felt that CETA training proved very helpful in their job performance.

Four months after completing the program, 82 percent of those contacted were working. Some had already changes two or three jobs, but a vast majority (71 percent) had held only one job. These jobs were with many different employers and involved a number of economic sectors, mostly manufacturing and services.

The new jobs brought workers, on the average, higher pay and more work hours. According to the survey, the final wage earned in the last job before CETA was about $3.77 an hour; the starting wage earned in the first job after CETA was about $4.35 an hour, an increase of 38 cents per hour or 10 percent. The work week for the last job before CETA included an average of 35.8 hours, for the first job after CETA it averaged 38.8 hours.

The increases in wages and working hours brought forth considerable improvements in the economic situation of program participants. Of those participants noticing improvements, about 90 percent felt that it was due to CETA.

The program was highly rated by the participants. About 83 percent rated the program as excellent or good. Another indication of the program's success is the fact that approximately 93 percent of those interviewed said that they would recommend participation in a CETA program to others.

To further illustrate the importance of the program to participants, they were asked to make any pertinent statements they wished. These statements are attached.

"Reagan's already cutting back welfare payments. Now he wants to cut CETA out too. That's cutting back on the only thing that gives welfare recipients a chance to get the opportunity to find a job. CETA provides help, incentive, and experience to people who don't make enough money, yet want to work. It takes people out of welfare lines and rekindles their self-respect. CETA could use better screening techniques for recipients, because a lot of people just go to CETA without any intention of getting a job or sometimes for a lot of different job training and never like any of the job areas. CETA does have more people, though, who benefit than those who don't. Eliminate CETA and you force people to stay dependent on welfare, with CETA, though you give them a chance to work and stay working."

V. Mallozzi (Warwick)

"It would be a great mistake to cut back on CETA. If anything, more money should be given to the program. CETA gives training to individuals who would not otherwise get training. It gives assistance to people who are willing to extend themselves. If anything, CETA should have less limits on financial status, so it can help people out who aren't happy with their job. That way, everyone who wants to change jobs can get an opportunity instead of quitting the rotten job and going on unemployment or welfare."

B. Capparelle (Johnston)

"I hope the Administration doesn't cut out CETA. CETA helps people who don't have a trade learn one. It helps people who are capable of learning and working get a job where companies normally won't let them in the door. If CETA is eliminated, it will be tough for unskilled to find jobs and they'll have to depend on other social programs for money. CETA stimulated jobs and that's good for Reagan Administration, because it keeps unemployment rates down."

W. Burns (Pawtucket)

"They shouldn't cut CETA. It helps a lot of people, especially those who are unemployed. The people at Electric Boat all needed jobs and they went to CETA to get the training. It's a good program, and they should keep it going."

D. Kelly (Cranston)

"I could not have done it without CETA. I learned a trade and got a job. I was very pleased with the program. I had the best instructor that I ever had. I like the job at Electric Boat, and I don't want to quit."

B. Clist (Harrisville)

"CETA is an excellent program. Gives good training and offers hope to people who have trouble finding work. CETA is more useful than a college education. Offers excellent opportunities and is a good asset to any previous job skills and training."

R. Desmond (North Kingstown)

"I think CETA should be very helpful to younger people, if it's able to broaden the field they're interested in, by allowing them to participate in the CETA program."

K. Garrick (West Warwick)

"I think its a very good program. It's good for us for training, us minorities and everybody else. I would recommend it to other people because it was good for me. I'd like to see the program keep going. That's about it."

H. Champlain (Peace Dale)

"CETA is good for the underprivileged people in the way that it's willing to train them in something that they'd never be able to get training themselves. And when it comes down to it, they'll put the first foot forward for these who cannot do so."

A. Neal (Newport)

"The program was very good and helpful. Everyone who I've spoken to who was in the program got a better job. It gave me pride. I was able to accomplish something thru CETA. It gave me the incentive to try something different. It was a very helpful program."

B. Chubka (Woonsocket)

"I think the personnel was very encouraging. The tests they gave were very revealing for people who were not sure where their talents lay. The assistance in resume writing was very helpful. The interaction between people in the classes. Knowing you weren't alone. The encouragement I was given by the counselors, and teachers."

M. Harnish (Lincoln)

"I would like to thank CETA, and specifically the Marine Education Association (MEA) who conducted the program I participated in. The MEA program was very thorough in teaching me the skills I needed to procure the good paying job I now have. Skills I learned through this program enabled me to get a high paying job in the face of stiff competition. I would personally like to see the program continue and open doors for others, even though it means competition in my field."

L. Puckett (Jamestown)

"CETA program helps high school drop-outs and people who are really interested in working. CETA gets you into training programs, you couldn't get into on your own. The ability to get a good paying job comes from enrolling in CETA. CETA helps those people who aren't looking for a "free ride" get out and get a job without having to go to college or even a trade school. CETA is fair and gives people opportunities they wouldn't normally get and all they want is for you to want to learn."

G. Moniz (Pawtucket)

"It did help me out and I'd recommend it to anyone who asked me about it. It helped me because I got another trade which would have been difficult without CETA."

E. Carlucci (East Providence)

Office of the Mayor,
*Lawrence, Mass., October 29, 1981.*

Hon. James Jeffords,
*House Education and Labor Committee, Subcommittee on Employment Opportunities, Longworth Building, Washington, D.C.*

Dear Mr. Jeffords: I am pleased to have this opportunity to submit testimony to the House Education and Labor's Subcommittee on Employment Opportunities. As you can see from the testimony, I remain a firm believer in the CETA Skills Training Programs and am thoroughly convinced that the successful implementation of these programs, in cooperation with Private Industry, can add immeasurable benefits to a community's economic development process. Our own experience with Titles II and VII of CETA has reaffirmed my belief in these programs.

Let me apologize for not being available to testify in person at this time. I would, however, be available to testify in person if you have additional hearings in New England or Washington, D.C. I hope that your Subcommittee will continue to support the Skills Training Programs of CETA through the upcoming CETA Reauthorization process.

Sincerely,

Lawrence P. LeFebre, *Mayor.*

### Testimony Submitted by Mayor Lawrence P. LeFebre, City of Lawrence, Mass.

Thank you for this opportunity to submit testimony on the Comprehensive Employment and Training Act (CETA). Through this opportunity I wish to make clear my position on the value of CETA to the City of Lawrence, Massachusetts and the need for its continued focus upon skill training programs as a means to work cooperatively with Private Sector firms. Our own experience with the CETA Programs has clearly demonstrated that the envisioned partnership between the Public and Private Sectors under Title VII of CETA can be attained. I believe that we have worked well through the Lower Merrimack Valley Industry Advisory Council, with the Greater Lawrence and Greater Haverhill Chambers of Commerce, the National Alliance of Businessmen and individual firms within our service area.

On April 8, 1981 the Lower Merrimack Valley Private Industry Council held a press conference, which was hosted by Wang Laboratories, Inc. The purpose of this press conference was to demonstrate the total support within this area for skill training programs under CETA. Representatives from the offices of Senator Kennedy and Tsongas, Governor King, Secretary Kariotis, Craig Systems, Incorporated, P. T. Brake Lining Company and the Massachusetts State Labor Council (AFL/CIO) and statements from more than fifteen area-wide firms and the Greater Lawrence and Haverhill Chambers of Commerce supported totally the work of the Lawrence CETA Administration and the Lower Merrimack Valley Industry Advisory Council in designing and implementing skill training programs which meet the employment needs of area-wide firms, while also meeting the needs of participants in improving their quality of life through higher paying positions. As outlined in the press release developed by the Lower Merrimack Valley Industry Advisory Council, "(t)he Lower Merrimack Valley has attracted a large number of new companies to the area. It has in fact begun its second industrial revolution. The companies have come to the valley for a multitude of reasons. One of the foremost reasons is that the valley has a labor pool to provide existing businesses and potential industries with needed employees. This large labor pool, although unskilled or semi-skilled, has the desire and capability to upgrade themselves through training and thereby fill industries needs while at the same time meeting their personal needs."

Recent and anticipated budget cuts in the CETA Program have not reduced the need to work cooperatively with private firms. Instead, these budget cuts have re-emphasized the importance of making these skill training programs work for the private firms, the participants and the community as a whole. I believe completely in the skill training programs operated by the Lawrence CETA Administration and the Lower Merrimack Valley Industry Advisory Council. My own staff, working in conjunction with the Chambers of Commerce, private employers and technical experts in the high technology and manufacturing areas, have been able to develop and complete unique skill training programs which address our own local needs. I totally support the continuation of these skill training programs with, perhaps, mandated involvement with private industry and the establishment of state-wide comprehensive employment and training systems through the utilization of regional training centers. In some areas, such as in the Greater Lawrence area, it may make sense to work along the lines of the Labor Market Areas, thus, requiring cooperative relationships across state lines. May I offer the Lawrence CETA skill training model to your Committee as one means of ensuring the necessary partnership arrangement between the Public and Private Sectors so that these skill training programs can be successful.

The City of Lawrence is presently faced with some tough financial and employment decisions. Even though the City of Lawrence was recently removed from the Labor Surplus area listing maintained by the Department of Labor for the first time since the listing was established, our latest unemployment figures have increased due largely to the impact of Proposition 2½ and the federal budget cuts already enacted. With the projected budget cuts facing us under Proposition 2½ and federal programs, such as CETA, we will be presented with a situation where the only job opportunities will be in the Private Sector.

Through the establishment of the Lawrence Strategy, Inc. and the aggressive marketing programs of the Lawerence Economic Development and Industrial Commission, we have begun to work well with representatives from the Private Sector to resolve some of these financial and employment problems. Yet, in order for firms to continue locating in the City of Lawrence and the surrounding area, there needs to be a strong public sector effort in the area of skill training programs. The transition in Lawrence from the more traditional industries, such as shoes and textiles, to the high technology industries, such as computers and medical instruments, requires a capability on the part of the City of Lawrence to move the available labor force in this direction. Without the active presence of the CETA skill training programs and a trained work force, these industries will be faced with a "no-growth" situation, which will further cut into the availability of jobs for the unemployed and economically disadvantaged.

Furthermore, we have attempted to address the specific problems of disadvantaged groups, such as the Hispanic population which represents 25 to 30 percent of the entire Lawrence population, through innovative programs with the Greater Lawrence Chamber of Commerce (Hispanic Jobs Incentive Program) as a means to assimilate the Spanish-speaking community within the Greater Lawrence community. Through the active involvement of twelve major firms in the Greater Lawrence area, the job development prospects for Hispanics will be greatly enhanced. No matter how innovative or responsive our programs are, we still require the financial support of the federal government in the area of skill training programs. Without this support the private firms must then assume the overall costs of training without the active involvement of the Public Sector.

Once again, let me thank the Honorable James Jeffords and members of the House Education and Labor's Employment Opportunities Subcommittee for this opportunity. As outlined in the October 26, 1981 edition of Business Week, state and local governments will be faced with major economic problems as a result of the federal budget cuts. May I urge you to work with us to overcome these problems and to ensure that Congress and the Reagan Administration maintain their commitment to the development of human capital. The best way to do this, I believe, is through the Reauthorization of the CETA legislation and the implementation of many of the partnership arrangements we have already worked out with the Private Sector in the Greater Lawrence area.

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NEW ENGLAND COUNCIL OF CETA PRIME SPONSORS, INC.,
*Hartford, Conn., October 30, 1981.*

Hon. AUGUSTUS HAWKINS,
*Chairman, Subcommittee on Employment Opportunities,*
*Rayburn Building, Washington, D.C.*

DEAR CHAIRMAN HAWKINS: Enclosed, per the request of the committee, is a statement for the record on behalf of the New England Council of CETA Prime Sponsors.

Thank you for the opportunity to submit this statement and if there is any way the council can be of assistance, please let me know.

Sincerely,

MARLENE SELTZER, *President.*

## PREPARED STATEMENT OF MARLENE SELTZER, PRESIDENT, NEW ENGLAND COUNCIL OF CETA PRIME SPONSORS

The United States economy cannot regain its health and vitality until a comprehensive National employment and training policy is developed and implemented. If, as a nation, we are to effectively resolve our social and economic problems. National labor market policy for the 1980's must respond to issues such as the decline in the quality of American plants and workers technological change and industrial/occupational shifts. We face difficult and essential labor demand and supply adjustments due to increasingly integrated world markets and changes in the nature of our national and regional economies. The policy framework must create the conditions for responsive and durable labor market programs and focus on necessary investment for improving labor quality and business production. It is esential that these conditions be created in spite of severe budget constraints.

American business, with the exception of large corporations, has been unable to invest adequately in education and training programs aimed at increasing productivity. We expect the educational system to produce literate and generally skilled individuals; yet many of the individuals leaving the educational system are not adequately prepared for the ever changing demands of the labor market. While America's foreign competition continues to accelerate investment in both capital and labor, we are reducing our human capital investment in publicly funded educational and skill training programs.

The present reduction in available public monies for skill training and labor exchange systems comes at a time when the American economy is becoming increasingly dependent upon that pool of potential workers who in the past have been considered surplus labor. The majority of these individuals do not possess the education, skills and work behaviors for those jobs which will be increasigly in demand. What was in the past perceived and treated only as a social problem has emerged as a serious economic dilemma.

Investments in human capital development must accompany efforts to encourage capital formation, plant and equipment updating and research and development efforts. This is not the time to withdraw financial support from public employment and training programs. A bold agenda for the 80's must integrate public and private resources to position the American workforce and its business, industrial and service sectors to compete effectively.

In New England, a recent impact study highlights CETA accomplishments. Since the 1973 enactment of CETA, the 26 New England prime sponsors have spent nearly $3 billion and served over one million individuals, the vast majority of whom have been economically disadvantaged. CETA resources increasingly have been targeted on the most economically needy residents, providing these individuals with an array of employment and training services.

Between 1975 and 1980, nearly two-thirds (355,000) made successful transitions to unsubsidized employment, school, the military, or another educational or training activity. Of these individuals, over half (188,000) were placed into unsubsidized jobs which generated earnings above the minimum wage.

In fiscal year 1980, hourly placement wages for individuals leaving training oriented programs ranged from $3.90 to $4.30. The placement results were achieved at a cost per individual that ranged from $4,700 to $5,800, including the expenses associated with program administration, operations and financial support of the participant.

New England employment and training programs have increased the productivity of these individuals and, as a result, contributed to the health of the region's economy. Taxpayers and employers have benefited from these CETA programs. Welfare costs have declined as a result of the CETA system serving a large number of AFDC recipients. Similarly, unemployment insurance costs have been held down as many individuals who otherswise would have been unemployed were placed into unsubsidized jobs. The region's tax revenues also have been favorable affected by the taxes paid by individuals with the additional income resulting from their participation in the CETA programs.

The degree to which federally funded employment and training programs contribute to the well being of the New England economy can be estimated with the use of a recently available study from the National Continuous Longitudinal Manpower Survey. This survey estimated that, on the average, participants who left a CETA program gained an additional $1,279 in their 1977 yearly earnings. Adjusting this figure for inflation, individuals terminating from classroom and on-the-job training, as well as work experience programs, have generated close to $600 million in added income to the New England economy. This dollar amount, when coupled with additional tax revenues, welfare savings, and the savings in unemployment insurance costs clearly indicates the substantial contribution CETA has made to New England.

What system should be established to implement the national policy and objectives of employment and training programs and who should be served by that system has been discussed by diverse groups concerned with the major issues of human capital development, labor productivity and economic vitality. CETA, as we know it now, may no longer exist, yet many of the underlying concepts and goals must remain.

An effective employment and training system must insure the productive matching of potential labor supply with the needs of employers. Ready access by employers and employees to one another is essential. The concept of a "labor market" must be maintained when developing a national training policy and system.

Knowledge regarding types of jobs, skills required for these jobs, and present skill levels of the structurally unemployed requires extensive interaction with employers and residents of an area. A decentralized structure is necessary to obtain the proper degree of interaction and to provide a system which can react to changing economic variables.

The degree of decentralization necessary is a function of many factors including, but not limited to, the diversification in regional economics within any given state, the geography and density of the area, and the diversification in the needs of individuals within given areas. A decentralized structure doesn't dictate that we maintain the same Prime Sponsor jurisdiction; however it does require that the structure adopted is flexible enough to effectively respond to changing regional economies. In the New England states, variations in its population and labor market economics dictate varying degrees of decentralization. For instance, Vermont does not have any major labor markets or varying regional economies, while Massachusetts has many. Thus the training delivery system developed should differ between these two New England states.

Several options exist for effectively structuring the employment and training system. These options are predicated on the assumption that regardless of the delivery mechanism chosen, funds are targeted to residents of municipalities based on their relative share of unemployment and poverty within a given state. The options are as follows:

Allocate funds by formula to states: states would then determine, based on labor market conditions and population needs, whether to pass funds through to smaller jurisdictions or whether they assume responsibility for program operations.

Allocate funds directly to states, but mandate that states pass the monies through to smaller jurisdictions to operate programs.

Allocate funds directly to local jurisdictions to operate programs.

Decisionmaking and program delivery should be shared by business and labor irrespective of the level of decentralization. If the serious economic and social problems facing this country are to be alleviated, there must be a strong commitment on the part of business, labor and government to jointly develop and implement effective employment and training programs.

Two options which would facilitate more private sector involvement are: expand the role/responsibility of the Private Industry Councils to all Federal employment and training activities, creating one council having concurrence on all CETA activities; and encourage or mandate the creation of a corporated body with combined public private managing boards to design and implement employment and training programs for their jurisdiction.

In order to avoid unnecessary duplication, a greater degree of consolidation or coordination is needed among all employment and training programs such as CETA, Vocational Education, and Employment Service programs. Such coordination could be accomplished by creating one unified system that governs the operation of all these related programs. The administrative costs would then be reduced and coordination would be inherent in the program's operation. However, this approach would make it difficult to match the integrity of the distinct and different objectives of each of the programs. Another option is to incorporate language in the laws of each of the respective programs which would mandate coordination through reciprocal board or council members, co-funding of overlapping activities and bilateral agreements. This latter option would allow each program independence in funding and administration, but also require extensive coordination among the programs. Language such as this does not presently exist in each of the laws.

The Federal resources to be used on employment and training programs must be focused on the problems of those individuals who cannot compete successfully in the labor market because of educational and vocational deficiencies and a changing economic/industrial base. Because of the current severe constraints on Federal resources, the law should target specific areas of the population to be served, but allow localities to determine, based on local conditions and needs, the specific individuals who will benefit most from such programs. The structurally unemployed should be targeted for service.

Within this category, youth, especially minority youth, should be a target group for employment and training programs; youth must be prepared to enter the future labor market at their fullest potential or the economic and social problems of this country will multiply. The major thrust of the Federally funded programs must be toward the disadvantaged, untrained and unskilled.

The Federal government cannot ameliorate the economic and social problems alone; the future demands cannot be met by one sector of society. Business, government and labor must recognize the common peril. Short run gains by one sector at the expense of another will not address basic national productivity problems. Only through a coordinated effort on the part of business, government and labor can the serious impending skilled labor shortages be avoided and the future economic and social well being of the country be improved.

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Comprehensive Employment and Training Agency,
*Lawrence, Mass., November 16, 1981.*

Hon. Augustus Hawkins,
*Chairman, House Education and Labor Committee, Subcommittee on Employment Opportunities, Rayburn House Office Building, Washington, D.C.*

Dear Mr. Hawkins: On behalf of representatives from the Massachusetts Subgrantee Directors Association, I am pleased to submit the enclosed testimony for the record. As you can see from the varied testimony, there are as many ways to revise the employment and training system as there are problems with the present system.

I hope that the suggestions we have made will prove useful to you and your staff in the almost impossible task of restructuring the employment and training system.

Please let me know if I can be of further assistance in your upcoming legislative activities.

Sincerely,

David K. Breen,
*Acting Director,*
*Lawrence CETA Administation.*

Enclosure.

## Testimony Submitted by Acting Director David K. Breen, Lawrence CETA Program

As a recent arrival to the CETA system, I wish to present my personal views regarding Reauthorization of the CETA leglislation. My background has been principally in the areas of education and economic development at the local level. At this time when I have taken control of the Lawrence Subgrantee, the largest Subgrantee within the Massachusetts Balance of State Prime Sponsor, I find myself and my staff faced with numerous operational problems. Due to the recent cutbackes in federal funding for CETA programs, my staff has been reduced significantly from 275 employees to the remaining 70 employees on staff. Further layoffs can be expected as our allocation for fiscal year 1982 programs is reduced even further. Yet, Mayor Lawrence P. LeFebre and I are faced with increasing numbers of individuals who remain economically disadvantaged, unemployed, and underemployed. Furthermore, the high technology firms in this area are requring greater numbers of skilled employees to continue their expansion. So, at a time when the needs of the Greater Lawrence area are increasing greatly, the resources available to meet those needs are being reduced significantly.

My primary purpose in the submission of this testimony is not to bemoan the cuts in funding experienced by the CETA system, but, rather, to suggest a means to restructure the employment and training system in this nation so that it responds to the growing needs of industry and the economically disadvantaged. As outlined in Mayor LeFebre's testimony of November 2, 1981 before the Employment Opportunities Subcommittee of the House Education and Labor Committee in Brattleboro, Vermont, the public and private sectors in the City of Lawrence have forged an economic development partnership, the Lawrence Strategy, Inc., to address the development and financial needs of this community. It is my intention to work closely with representatives of the Lawrence Strategy, Inc. to ensure that the human resource element of the economic development equation is addressed as well.

I believe that there are four general issues that have to be considered in the establishment of a viable skills training system in the future:

(1) The system should make economic and political sense.

(2) The system should continue to serve the economically disadvantaged.

(3) The system should focus upon the structuural unemployment problems, not the cyclical unemployment problems.

(4) The system should serve as a broker in the labor force marketplace for private industry.

Each of these issues is crucial to the successful establishment of an employment and training system at the local level. The overall objective of this employment and training system should be to meet the present and future skill needs of private industry through a cooperative skills training and private sector on-the-job training program. In order to meet this overall objective, several new approaches should be instituted:

(a) The local or regional employment and training system should be established along either SMSA or LMA boundaries. Under this arrangement, the executive board established to set policy and to monitor training activities for the employment and training system should be comprised of elected and appointed members. Generally, the executive boards shall not be larger than fifteen (15) members, and one-half of the members plus one shall be from the Private Sector. No representatives of service deliverers shall sit on the Executive Board. The Governor shall have one appointment on the board, and the remaining members shall be evenly split between elected and appointed members (by chief elected officials of the largest communities).

(b) Funding for this program should be altered somewhat from the present CETA system. The Department of Labor shall provide entitlement grants to each state, while also maintaining an incentive pool based upon program performance and a competitive research and development fund. Each state shall provide local or regional employment and training systems with funding based upon a formula developed by the State Executive Board (guidelines to be developed by the Department of Labor). The State Executive Board shall be comprised of no more than fifteen (15) members with one-half of the members plus one to be from the Private Sector (Private Sector members to be appointed by the Governor (one-half members plus one) and the State Legislature). The Governor shall appoint the majority of the remaining members, while the Chief Elected Officials of the largest cities in the state shall appoint the remaining members. The principal role of the state shall be to establish employment and training guidelines, including goals and objectives, for the state as a whole. The state shall also provide direct assistance to the local or regional employment and training systems in meeting these goals and objectives.

(c) The scope of the employment and training system should be enlarged to include "non-eligible" CETA participants. At least 75 percent of the federal funding provided shall be used for the economically disadvantaged. A maximum amount of 10 percent shall be allocated to train "non-eligible" CETA participants. Furthermore, a reimbursement payment system should be established that will will allow industries or individuals to reimburse the employment and training system for the training costs of their employees. Private Sector OJT programs shall be established on a two-year basis with the necessary supportive services provided.

(d) Skills training programs must reflect the needs of the industrial community as a whole and the actual capabilities of the labor pool that they serve. Local industry must be able to trust the employment and training system providing their workforce. In turn, the economically disadvantaged being served by this employment and training system must feel confident about their skills and abilities as compared to other workers in the labor market. In the Northeast the principal attraction to industry is the value of the labor pool. This valuable resource should be developed as fully as possible.

(e) The administrative staff of the regional employment and training system should be responsible for identifying the best service deliverers in the area. Control functions, such as payroll, client intake, etc., should be maintained within the administrative structure, but the normal training activities should be contracted out-of-House. Performance based contracts with a sliding payment schedule shall be established for in-House and out-of-house contractors. Incentive payments should be provided to those contractors exceeding their planned levels of activity. Strict planning guidelines should also be established.

(f) Funding should be provided on a two-year basis. Programs for youth should be separated from those for the rest of the client population. The focus of the youth programs should be to encourage youth to complete high school and to familiarize them with the world of work. Junior OJT and work experience programs in the private sector should be initiated as a means to indoctrinate youth with an incentive to perform well. Industry must be encouraged to assume a larger role in these activities.

These remarks have been designed to offer some viable alternatives to improve the present employment and training system. As outlined previously in Mayor LeFebre's testimony, "there needs to be a strong public sector effort in the area of skill training programs." Yet, without the active involvement of private sector firms, this public sector effort will have little impact upon the problems facing the City of Lawrence, its industries, and the unemployed and economically disadvantaged. Our efforts at the federal, state, and local levels should be combined to recreate an employment and training system which enhances economic development and worker productivity instead of hindering these objectives. I look forward to working with you as we construct our human resource development function.

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## PREPARED STATEMENT OF GLORIA J. WILLIAMS, MANPOWER ADMINISTRATOR OF THE CITY OF MEDFORD, MASS.

Thank you for the opportunity to submit testimony on the CETA Reauthorization from a practitioner perspective. Presently, there exists within the Commonwealth of Massachusetts an unemployed and/or unskilled labor pool vs. critical skilled occupational shortage (i.e. technicians, engineers and machinists).

The Re-authorization of CETA should have mandated regulations making the private sector, federal and state government form a partnership for the delivery of employment and training services (surplus labor pool vs. (joining) employer shortages) The public sector will be responsible for the training facility(ies), leveraging state, local and federal funding and staffing; industry will provide equipment, curriculum development, instructors and State of the Art Technology. The institutional training courses will be developed in conjunction with private industry three to five year plans. (Geographical grouping based on labor market areas) The training institution is obligated to develop training programs in the area of forecast employment needs of the industry. The partnership is monitored and modified as employment trends change.

The institutional facilities should operate on an eighteen-hour day to maximize opportunities for unskilled or semi-skilled employed persons to upgrade their existing skills or gain new skills and still maintain full-time employment. The economically disadvantaged should have priority for program service. However, new legislation should allow a mix of varied economic categories of persons to participate in the training facility. The cost of their participation could be paid by either a G.I. Bill, Vocational Education, Basic Grants, personal finance and/or CETA.

The regulation should mandate that each training institution should provide, as needed, a comprehensive service delivery system (Pre-Voke, ESL, Pre-GED, GED or compensated-based high school diploma.) These feeder activities will provide greater opportunities for the economically disadvantaged who usually have educational deficiencies. Below please find a few additional comments:

The governing body should be a mix of elected and appointed individuals from the geographical target area.

Performance indicators for entered employment and cost/placement should be established for all titles.

Liability must be addressed through the regulations and error rate must be established as in other federal programs (which would alleviate the problem of liability).

Legislation must be flexible for each state to utilize employment and training funds to meet their employment needs.

Legislation for CETA to be utilized as an economic development tool, not as a human service program.

Duplication of services within CETA, Employment Services, Vocational Education and WIN must be eliminated and resources combined to maximize the effort of the Employment and Training System.

Thank you for taking the time to listent to a frustrated Employment and Training Practioner. If I could be of any further assistance, please do not hesitate to contact me.

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TAUNTON, ATTLEBORO, AND PLYMOUTH, CETA SUBGRANTEE,
*Taunton, Mass., November 13, 1981.*

Subject: Comments on BOS CETA Director's Statement on Reauthorization

Mr. GUY F. KELLEY,
*Deputy Director for Operations, Comprehensive Employment & Training Agency, City of Lawrence Subgrantee, Lawrence, Mass.*

DEAR MR. KELLEY:

The "job training infrastructure" proposed to be administered under a Regional concept may indeed "maximize resources"—in very specific geographic locations only. In other locations, I see it creating job training resource vacuums and locking the economically disadvantaged barriered clients out of what is now an accessible employment and training systen, faulted and beleaguered as if may be. Since in this State, a RETA concept would diminish a Prime Sponsor and Subgrantee system from 22 entities down to six and possible eight RETAS, the regions which would evolve as the new structure for the delivery of services would be focused on existent comprehensive job training resources, the first and foremost of which by virtue of historical record for providing such training, would be CETA Skill Centers. For disadvantaged clients residing in Consortium areas without such Skill Training resources, the handwriting would appear to be on the wall, if this type of legislation were indeed, enacted. To suppose that vocational schools and community based organizations would be viable and capable vendors to such a system is naive. Comprehensive employment and training services are undeliverable through such vendors. "The vast experience of the past fifteen years" is to be found not in the expertise of vocational schools and C.B.O.'s alone, but embodied primarily in the current CETA system.

The Governing bodies of such RETAS are proposed to be comprised of a variety pertient interested groups such as CEO's, small and large private sector businesses, county representation, municipal governments, members of organized labor and business organizations, and C.B.O.'s. (A king-size AMPB, although it will not be confined to purely an advisory role), but conspicuous in its absence is reference to local educational authority at the secondary school level representation.

The current CETA system is continually faced with how to service young adults exiting from an educational system, which has failed to provide them with basic skills needed to handle and comprehend instructional material elementary to even entry level occupational training. As evidenced by the NAEP report published this month, young Americans in various learning areas, continue to exhibit over the last decade a declining capability in writing and reading comprehension and math skills. All too frequently, we hear that CETA is not the vehicle for remediation of the basic skills deficiencies created by the educational system. Youth unemployment continues to spiral meanwhile, and legislators wrestle with the adequacy of the CETA Program.

Taunton-Attleboro-Plymouth Subgrantee could be swallowed up in the RETA System, should it come to pass. Who will be the vendors for employment and training programs in this geographic area; how fractured will the comprehensive system we have succeeded in implementing become? Most importantly, will the clients in our geographic area have access to a full range of services from a RETA.

I doubt that additional program dollars will flow through a regional administration and I suggest that probably, it will be a costly mechanism to implement. Probably, fewer personnel required, but and equal administrative outlay can be expected just by the geographic responsibility involved. I predict exorbitant salary and travel expense.

If the Federal Government decides on a Block Grant rather than categorical approach to funding, where would such a concept fit? Secondly, I feel that Block Grants will cause a tremendous problem in Financial situations such as paying vendors on time, meeting payroll and paying travel vouchers on schedule; of course, maybe someone has the answer to all these problems.

Very truly yours,

CHARLES T. KALAHER, *Administrator.*

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CUMBERLAND COUNTY, CETA,
*Portland, Maine, November 18, 1981.*

Hon. AUGUSTUS F. HAWKINS,
*Chairman, Committee on Education and Labor, Subcommittee on Employment Opportunities, Rayburn House Office Building, Washington, D.C.*

DEAR SENATOR HAWKINS: Our County Commissioners, Cumberland County, Maine, have formed a Task Force to Design a National Employment and Training Program. The Task Force is headed by a Commissioner and its membership is made up of representatives from the private sector, vocational schools, secondary schools, employment security, labor unions, CETA eligible population, and CETA. The goals of the Task Force are outlined on the enclosed attachment. After attending your hearings in Brattleboro, Vermont, we feel that you are truly soliciting input into the future employment and training system and we want to offer our assistance. If there are any specific questions or concerns that you would like to have us address please let me know. I would also be glad to forward a copy of our final report.

Again, we appreciate you taking the time to talk to the employment and training practitioners.

Sincerely,

JOHN FITZSIMMONS, *Director.*

## PREPARED STATEMENT OF CUMBERLAND COUNTY COMMISSION

Cumberland County Commission is establishing a Task Force for the design of a National Employment and Training Program. The purpose of the Task Force is as follows:

To act as a conduit for the local input into the design and drafting of National Employment and Training policy and legislation implementing that policy.

To promote cooperation between all agencies presently involved in implementing Employment and Training policies at the state and local level.

To involve the Private Sector and population groups in designing Employment and Training policies to meet their needs.

To demonstrate the Commission's commitment to assisting unemployed, economically disadvantaged citizens of Cumberland County in receiving employment and vocational skills training.

The Task Force will be headed by a Commissioner and its membership will be made up of Private Sector Employers, Vocational Educators, Employment Security Staff, Secondary School Educators, Union Representatives, Community Based Organization Representative, Youth Council Representative, Cumberland County CETA Representative, and groups representing the CETA eligible population. Task Force members will chair subcommittees on the following areas: Private Sector Involvement; Vocational Education Involvement; Secondary Education Involvement; Participant Eligibility; Youth Programs; CETA Involvement; and Job Service Involvement. The CETA Director and a representative of Labor Unions will act as consultants to each of the subcommittees.

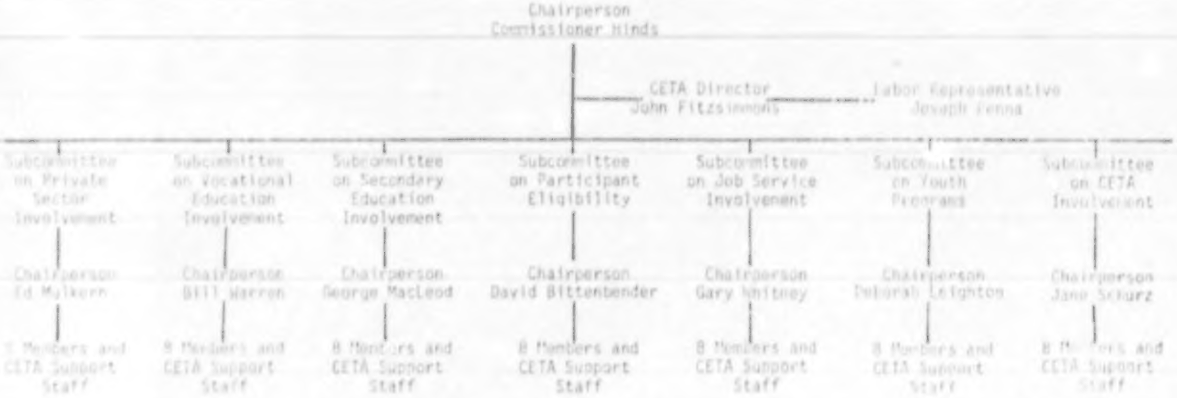
TASK FORCE FOR THE DESIGN

of a

NATIONAL EMPLOYMENT AND TRAINING PROGRAM

Task Force Members:

Commissioner Sam Hinds; John Fitzsimmons, Cumberland County CETA Director; Ed Mulkern, Vice President, Casco Bank & Trust Co.; Bill Warren, Dean of Instruction at SMVTI; George MacLeod, Assistant Superintendent of Schools, South Portland School Department; David Bittenbender, Director of Health and Social Services for the City of Portland; Gary Whitney, Manager of Employment Security, Portland Office; Joseph Penna, Labor Union Representative; Deborah Leighton, Youth Council; and Jane Schurz, Operations Manager, Cumberland County CETA.


Chairperson
Commissioner Hinds
CETA Director
John Fitzsimmons
Labor Representative
Joseph Penna
Subcommittee on Private Sector Involvement
Chairperson
Ed Mulkern
8 Members and CETA Support Staff
Subcommittee on Vocational Education Involvement
Chairperson
Bill Warren
8 Members and CETA Support Staff
Subcommittee on Secondary Education Involvement
Chairperson
George MacLeod
8 Members and CETA Support Staff
Subcommittee on Participant Eligibility
Chairperson
David Bittenbender
8 Members and CETA Support Staff
Subcommittee on Job Service Involvement
Chairperson
Gary Whitney
8 Members and CETA Support Staff
Subcommittee on Youth Programs
Chairperson
Deborah Leighton
8 Members and CETA Support Staff
Subcommittee on CETA Involvement
Chairperson
Jane Schurz
8 Members and CETA Support Staff

MAINE AFL-CIO,
*Brewer, Maine, November 4, 1981.*

Hon. JAMES M. JEFFORDS,
*P.O. Box 676,*
*Mt. Pelier, Vt.*

DEAR REPRESENTATIVE JEFFORDS: I regret that I was unable to appear before the House Subcommittee on Employment Opportunities and the Senate Subcommittee on Employment and Productivity hearings in Brattleboro, Vermont on November 2, 1981. However, the re-scheduling of the hearing presented a conflict in my schedule that I could not resolve. I do feel very strongly that the Comprehensive Employment and Training Act should be reauthorized and I am submitting the attached testimony for the Committee.

Thank you for your consideration and best wishes during your important deliberations.

Sincerely,

CHARLES J. O'LEARY, *President.*

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## PREPARED STATEMENT OF CHARLES J. O'LEARY

Mr. Chairman, Members of the House Subcommittee on Employment Opportunities, Members of the Senate Subcommittee on Employment and Productivity, Staff:

My name is Charles J. O'Leary. I am President of the Maine AFL-CIO and President of the Northeast Council of the AFL-CIO. For the past 20 years I have been directly and indirectly involved in the various systems of employment and training. I began this involvement as a public school teacher and later as Assistant Director of the Work Experience Program, authorized under Title V of the Economic Opportunity Act. Still later I was Director of an On-the-Job Training Program authorized under the Manpower Development and Training Act.

I have served as a labor representative on the now defunct Coordinating Area Manpower Planning Systems Committee, as Chairman of the State Manpower Planning Council and on various Private Industry Councils. In a related area I have been a member of the Maine State Board of Education, Maine Advisory Council on Adult Education. Vocational Education, and Chairman of the State Advisory Council on Adult Education.

The testimony I give today is based on this experience and an even more checkered personal employment history that had me, at times, employed as a shoeworker, construction worker and merchant seaman.

First, I believe that it should be the policy of our government to make training and employment opportunities available to all citizens. In this regard, I would urge you to continue and reauthorize the Comprehensive Employment and Training Act. The Act, like its predecessors, is not perfect, but there is increased evidence that it is successful.[1]

From personal observations, it is the first time that federal legislation has brought representatives of business, government, labor, and management together on a common agenda.

CETA personnel and supporters of this legislation are the only advocates for the disadvantaged, directing their efforts at training employment and productivity and away from entitlement and welfare, the only advocates for actuating the human resource.

On the question of what is the appropriate role of the private sector in the design and implementations of employment and training policy, let me make a few observations.

First, the private sector is not monolithic. It is composed of different and diverse entities. Labor organizations, multi-national conglomerates and small business provide training and jobs. However, settings such as Bangor, Maine, Boston, Massachusetts and Burlington, Vermont pose different sets of problems for manpower policy and job development. It makes little sense to provide training subsidies to international conglomerates based in the United States that exploit workers in foreign trade zones, (e.g. South Korea offers a 60 hour work week and Chile subsidizes the payment of wages.) Similarly, it makes little sense to subsidize training and firms that are too small to do any substantive training.

The best approach, in my opinion, to utilize the resources of the private sector, is at the state and local level. After all, to business, labor leaders, government offices, and manpower planners, the private sector is a real world and not something referred to in Fortune as the top 500. It is a company called Diamond International, Old Town Canoe, James Sewall Company, and Sargeant Construction Corporation. It is a place where people work everyday. It is a job, a paycheck and a valued community asset. It is a part of their community that has training needs and job opportunities.

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[1] CETA's results and their implications, a policy statement of the National Council on Employment Policy, Washington, D.C., September 1981.

I believe CETA is developing staff skills and community involvement that can interact with the private sector. There is, however, a need to provide more training for staff as to the realities of the workplace. Too frequently CETA personnel have been recent college graduates with little understanding of collective bargaining, health and safety issues and other problems encountered by skilled and unskilled workers.

And while discussing training, let me strongly suggest that training be of longer duration and more intense. The International Bortherhood of Electrical Workers training program serves as a good illustration. Over a four year period apprentice electricians in the I.B.E.W. program received the following training:

1. 144 classroom hours a year for a total of 576 hours for four years.
2. 8,000 documented On-the-Job Training hours. (Each apprentice has a workbook and O.J.T. is documented and signed by his or her immediate supervisor)

In my opinion, the CETA system has too many advisory councils. There are advisory councils such as the State Employment and Training Council, the State Manpower Planning Council, the Private Industry Councils, Advisory Councils to the Prime Sponsors and Youth Advisory Councils. It would seem that all of these groups could be combined into a single body to deal with the implementation and overview of CETA activities.

Despite our best effort there is still far too little coordination between CETA, the public school system, vocational education, the work incentive program and the job service. I sense we could make greater impact through a more integrated approach to job training, career planning and employment related skill acquisition. Clearly, those in our educational institutions have a stake in the future of our collective ability to provide meaningful job opportunities and appropriate training. Only by opening up the avenues of communication and enhancing the opportunities for the exchange of ideas, labor market conditions, innovative educational approaches, evolving public policy questions and the myriad other topics central to our mutual concerns can we begin to provide the broad base so vital to real success—and the perfection we do strive for.

I know you are accutely aware of the many particulars, statistics and data associated with this legislation. I have intentionally avoided reiterating that which is obvious. Instead, I wanted to share, as I stated earlier, a few random thoughts based on my own experience. If there is any way I might assist you or provide more detailed information I would be happy to do so.

Thank you for this opportunity. I wish you well in the important task you are involved with.

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CITY OF SPRINGFIELD,
*Springfield, Mass., November 10, 1981.*

Hon. AUGUSTUS F. HAWKINS,
*Rayburn House Office Building,*
*Washington, D.C.*

DEAR CONGRESSMAN HAWKINS: I wish to convey my appreciation to you and Congressman Jeffors, Weiss and DeNardis for permitting me to provide testimony at the recent hearings in Vermont on the future of employment and training for the chronically unemployed. I am hopeful the information provided proves beneficial to determinations to be made as to the structure of employment and training policies to be developed within the next 6-9 months.

The CETA program in Hampden County has proven to be very successful as it pertains specifically to skills training efforts on behalf of welfare recipients and other severely disadvantaged citizens. During the past ten years within both the MDTA and CETA Acts, the Skills Centers in Hampden County have produced more than 5,000 viable employees for the private sector. We would like you very much to have the opportunity to work closely with you and your committee in the development of new recomendations for implementation within the Congress.

I am providing you with additional copies of the testimony to which I alluded to in Vermont and additional material pertinent to the establishment of model skills training facilities within the ten regions of our nation. A comprehensive skills training approach appears to be the delivery system that works most effectively with the chronically unemployed. These individuals typically require more than just an occupational thrust—they need to believe in themselves, and such a process emanates with a totally comprehensive approach which includes a thorough assessment of both aptitudes and attitudes, remedial education, counseling, employment orientation, job development and placement. The most critical component in succeeding with long-term career placement of the chronically unemployed is the establishment of self-confidence and self-worth.

Having been involved with the economically and socially disadvantaged during the past fifteen years, I have come to recognize that these individuals in most cases can adopt to skills training both at the entry and advanced levels given the fact that the system within which they work provides an environment that is conducive to personal growth and development. This is the key to a comprehensive skills training approach. The Skills Centers in Hampden County have developed this mechanism as a result of many years of dilegence and perseverence.

One other factor that must be focused upon is the involvement of the private sector. From the very onset of our opening the first Skills Center many years ago I decided to open the facility completely to the private sector. They have remained an integral force in the overall operation of the training components.

I feel certain the systems and procedures evolved over a long period of time here in Hampden County can be of invaluable assistance to you and your committee as you proceed toward the evolvement of strategies to impact successfully the [illegible] and employment needs of chronically unemployed youth and adults.

Once again, thank you and the other members of your committee for extending an invitation to testify in Brattleboro, Vemont. If I can be of service at any time, please have Susan Grayson or others associated with employment and training programs contact me at your convenience.

Sincerely,

**Frank D. Gulluni,**
*Special Assistant to the Mayor.*

Enclosures.

## Discussion Paper

Essentially, it is suggested that at least one vocational training center from each of the ten regions in the United States be selected to represent the DOL effort to insure quality training programs and long-term employment for the unemployed and the underemployed.

The Centers selected would accept the following responsibilities within their respective regions:

1. To meet at least quarterly each year with directors and supervisors of training programs and operations personnel within the region who represent prime sponsors. To insure ample opportunity for discussion of issues, the meetings could be divided into two sections within each region to avoid large numbers. These conferences would be generally informational and also represent an opportunity for members to discuss plans to develop new training programs and the effectiveness of on-going programs.

2. To institute teacher training programs to provide the appropriate impetus and methodology to insure teaching effectiveness. This capability would entail the establishment of a regularly scheduled mechanism designed to impact all new staff members on a continuing basis. In addition, there will be evolved a monitoring vehicle so that the lead Skills Center can provide follow-up services in an onsite environment. There will also be available to each staff member a combination policy and training/orientation manual. This document would include all pertinent information germane to training programs and the day-to-day responsibilities of the instructor.

3. To establish a central resource capacity to include competency-based curricula, performance objectives, topical outlines, and other relevant documents such as evaluation and job readiness reports, counseling, and attendance forms, and a number of other trainee/training related reports.

4. To enhance and institute orientation and assessment components so that CETA clients can be given more significant capability to be involved in training programs that are consistent with needs. A major facet of the assessment function will be to develop an individualized employability development plan.

5. To insure that all programs establish competency-based curricula so that the training plan can be effected on an individual basis to insure training continuity and credibility.

6. To provide the appropriate equipment, supply, and textbook requirement information to develop and implement a training unit. This will also include methods to

access equipment through General Services Administration, Tools for Schools Program, and private industry.

7. To establish procedures to acquire meaningful and complete labor market data in advance of initiating development of occupational programs. To establish mechanisms to insure the integration of the private sector in the on-going operation of the training facility. This can be facilitated through the auspices of the Private Industry Council and in conjunction with Chambers of Commerce. In concert with the local and State units of the Division of Employment Security, labor market surveys can be developed on a quarterly basis and as needed contingent upon trends and input from the Private Industry Council and individual employers.

8. To determine in conjunction with administrative personnel of training programs the variety of training options available which include open-entry/open-exit characteristics. To provide information pertinent to the number of weeks required to train for specific occupations and the advantages of cluster training. To establish basic prerequisites for participants to enroll in occupational programs. To establish and OJT mechanism that includes coupled training systems. Contingent upon the employment readiness of the participant, one should establish both straight and coupled OJT programs. The individual who, based upon assessment, counseling, and work history, appears to possess the necessary requisites for immediate employment can be placed directly into the labor market either to gain new of advanced career competencies. In addition, there is a population of youth and adults who possess the necessary attitude and work ethic requisites but do not meet the skills requirements of industry. The training facility will evolve a training and employment plan to permit the individual to participate in sequential components of abbreviated skills training and on-the-job training. The employer will bear some of the responsibility to provide related training in the workplace. The training facility for all OJT's will accept the responsibility for assessment of skills and attitudes, supportive services, some occupational training, and educational and career-related components.

9. To determine space requirements and other considerations pertinent to Federal, State, and local vocational education regulations in the development of training components.

10. To develop procedures in the establishment of a counseling unit designed to impact the participant throughout the timeframe in which the client is involved in training. It will entail the evolvement of recordkeeping procedures to include attendance, instructors' evaluations, supportive services, counselor/participant interface, job readiness, job development, and follow-up.

11. To establish a job orientation and employment information program designed to impact the needs of each trainee. In essence, an effective job orientation program can prove to be very significant in effecting a successful transition from training to full-time, unsubsidized employment.

12. To effect bilingual training programs to meet the needs of the ever burgeoning population of youth and adults who are non-English and limited English speaking. Within this process will be established a transitional phase from the primary language to english. The graduating trainee will have received sufficient instruction in English as a second language to insure equal access to the primary labor market. Primary labor market employment is determined by: substantial entry-level wage, and appropriate fringe benefit package, and an opportunity for career mobility within the occupational cluster and usually within the structure of the company in which the graduate is employed.

13. To provide a training vehicle for youth who have or are prepared to exit the school system prior to completion of the twelfth grade. Such a program with the attendant and ancillary educational and supportive service system can prove to be instrumental in effecting a successful and smooth transition to the private sector labor market. Given the appropriate training and services modules, many youth can escape the anxieties of unemployment and confusion and instead be impacted positively and potentially long-term within a comprehensive and concentrated skills training environment.

14. In conjunction with the Private Industry Council and the local employers association, the training unit can establish upgrading and retraining efforts for underemployed and transitioning members of the workforce. This is an area that has been severely neglected and with rapidly expanding technology, industry recognizes the need to provide their employment force with new and more sophisticated skills. Such training endeavors can be conducted both during prime time and evening hours. In addition to "hands-on" training, the participant will be provided with the required complementary skills and academic remediation as required. Presently, there are not readily available institutions that possess the capacity to provide an environment that is prepared to meet the individual training and related needs of the underemployed. It is imperative that the private sector and the public

sector establish the necessary linkages to insure that such employees are retrained and consequently retained in full-time, unsubsidized employment endeavors.

15. An integral facet of the institution of skills training demonstration sites is the evolvement of a research and evaluation component. This mechanism will instigate the flow of information to insure that successful training and educational systems can be replicated. As part of the evaluation unit, significant efforts will be made to introduce benchmarking both for participants in OJT and skills training environments.

The foregoing represent only a few of the many areas in which impact can be made within prime sponsor training delivery systems thoughout the country. Too many training programs are expending prohibitive sums of federal funds to replicate curriculum and training plans that are already in existence in other areas of the region. Rather than continue to proliferate the number of autonomous and independent training components, it would appear much more feasible and realistic to establish within each region a mechanism compatible with that which has been outlined briefly.

Skills Centers to effect the leadership role within each region can be selected by the U.S. Department of Labor in conjunction with its regional offices. National and regional representatives of the Department of Labor would be responsible to visit with prime sponsors, training agencies, and state manpower service councils to determine which of the small number of centers within each region who might qualify should be chosen to effect the many objectives to assist other training centers to develop more effective training and employment systems.

Some of the basic qualifications to be considered for the role of lead Skills Centers are as follows:

1. There must be favorable recommendations forthcoming from the local prime sponsor, the state manpower services council, local school departments, the state divison of occupational education, and the regional office of the Department of Labor.

2.The Center must have in operation a number of successful and diverse programs. These should include: a minimum of six occupational clusters; bilingual training capability; career and employment information components; a significant program of orientation and assessment; basic education to include literacy and high school equivalency training; in-school and out-of-school youth training programs; vocational counseling mechanism; competency-based curricula; staff policy manual; an accumulation of forms relevant to attendance, evaluation, assessment, and job readiness; a major audio-visual resource capability; and a demonstrated effectiveness with business and industry.

3. There must be a fully certified staff of professional instructors, counselors, and administrators. In addition, it is essential that a number of staff possess a bilingual capability.

4. The Center staff should have experience in having participated as major contributors at state and regional conferences of prime sponsors and training agency directors and staff. They should also have conducted tours and disseminated training-related information to agencies thoughout the region.

Certainly, there are a multitude of other evaluative devices by which Skills Centers or training agencies can be selected to achieve the status of a central or core system within a region.

I am convinced that the "typical" or "average" disadvantaged person can be impacted successfully through involvement in viable and professionally-operated training centers. During my twelve years in manpower training, I have personally observed thousands of MDTA and CETA recipients and youth in and out of school utilize the institutional training vehicle to effect a successful transition from unemployment and/or welfare to the private sector. I also recognize that so much more must be accomplished in order to establish quality training programs throughout the country.

I am hopeful the information contained herein describes clearly the objective to establish quality training centers within prime sponsor jurisdictions. Realistically, this cannot be achieved within a short period of time; however, an effort must be initiated that can result in the provision of quaility training programs for unemployed and underemployed citizens. The institution of a demonstration site or two is perhaps the most effective approach both financially and for replication purposes.

Shawmut First Bank & Trust Co.,
*Springfield, Mass., March 31, 1981.*

Hon. Raymond Donovan,
*Secretary of Labor, U.S. Department of Labor,*
*Washington, D.C.*

Dear Secretary Donovan: As Chairman of the Private Industry Council for the past two years I have been actively committed to ensuring that government manpower training is responsive to the needs of area businesses. My commitment is based on the conviction that improved productivity and economic growth will depend in large measure on the success of our Nation's manpower development efforts. In this regard I recommend to you the Hampden District Regional Skills Center as an institution of proven capability in training the disadvantaged for skilled private sector jobs.

Over fifty percent of our workforce is employed by companies of less than one hundred employees. These small companies and a significant number of larger firms in most instances lack the time, resources, and capabilities to properly transition the chronically unemployed, including disadvantaged youth, to productive employment without the initial training and support provided by the Skills Center. Within the past ten years the Center has gained considerable expertise in preparing the structurally unemployed in marketable skills. The business community holds the Center in high regard and provides it with contributions of machinery, equipment, and instructional staff. This public/private partnership continues to expand through the efforts of our PIC and has resulted in our PIC's selection by DOL as a "spotlight site" to serve as a model for other PIC's nationwide.

I strongly endorse the Administration's program to reduce federal spending and eliminate public service jobs. At the same time I believe it is essential for government to recognize and support the continuance of effective training programs like the Skills Center. I trust that you will examine more closely the merits of the Center, and consider its potential for replication elsewhere.

I welcome the opportunity to discuss this matter in greater detail.

Sincerely,

Herbert P. Almgren,
*Chairman of the Board.*

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United Technologies Automotive Group,
*Springfield, Mass., March 18, 1981.*

Hon. Raymond Donovan,
*Secretary of Labor, U.S. Department of Labor,*
*Washington, D.C.*

Dear Mr. Donovan: I am writing you as a Corporate Manager responsible for approximately 1300 jobs in this area. Overall, I am very much in agreement with the new Administration's program for reducing Federal Government and the tax burden on individuals and corporations. There is, however, a very meaningful program that I would like to call to your attention.

In Springfield, Mass. we have the Hampden District Regional Skills Center, a very capable skills center for training the under employed. This center is largely dependent on funds provided by the Federal Government. We have employed many of the graduates of this Skills Center and require this valuable source of trained people to continue our business.

I urge you to consider the funding of our local Skills Center in making your budget considerations. Thank you for this consideration.

Very truly yours,

William F. Walthouse,
*Vice President, Manufacturing.*

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Rexnord, Inc.,
*Springfield, Mass., March 24, 1981.*

Hon. Raymond Donovan,
*Secretary of Labor, U.S. Department of Labor,*
*Washington, D.C.*

Dear Mr. Donovan: Our company has worked closely with the Hampden District Regional Skills Center and views it as a most effective vehicle for training underemployed persons in the greater Springfield area. The Center provides a valuable service to community businesses and to the economically disadvantaged population by providing occupational training programs and offering marketable skills to trainees suitable to the needs of area employers.

Rexnord is one of many companies in need of skilled personnel in the fields of machine occupations, tool and die, etc., but due to the high cost of in-house training and additional supervision that would be needed, we just cannot conduct our own basic training. We have used people from the Skills Center with great satisfaction.

In this regard I ask that you please support the continued excellent growth and performance of the Skills Center in turning out individuals prepared and proud to take their place in the community as productive and long term employees, rather than remain "victims" of unemployment and/or welfare.

I sincerely hope that any proposed budget cuts in manpower training would not affect the H.D.R. Skills Center.

Sincerely yours,

**William H. Brennan,**
*Manager of Product Reliability.*

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**The Moore Company, Inc.,**
*Springfield, Mass., March 23, 1981.*

Hon. **Raymond Donovan,**
*Secretary of Labor, U.S. Department of Labor,*
*Washington, D.C.*

**Dear Mr. Secretary:** This is a letter of support on behalf of the Hampden District Regional Skills Center, located in Springfield, Mass.

Easco Hand Tools employs approximately 1300 employees in the Springfield, Mass. area. Job openings in our skilled categories are increasingly difficult to fill. When such openings develop we frequently contact the Skills Center for referrals. We currently have four candidates in training in the apprentice toolmaker category at this facility.

We have found the Skills Center to be a facility of high credibility, providing high quality training to students who have developed positive work attitudes. It is an excellent referral source for hiring minorities to meet our affirmative action goals.

While we fully support the Administration's drive to reduce government spending, we strongly believe any cuts in manpower training should be on a selective basis—promoting those facilities which have done an exemplary job and reducing facilities which have not. In this respect, the Hampden District Regional Skills Center has received local, state and national recognition for its positive impact on the employment needs of private industry as well as the human needs of large numbers of youths and adults. We urge that it not be adversely affected by budget reductions.

Sincerely,

**Don Pare,**
*Manager, Training.*

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**Curtis Universal Joint Co., Inc.,**
*Springfield, Mass., March 24, 1981.*

Hon. **Raymond Donovan,**
*Secretary of Labor, U.S. Department of Labor,*
*Washington, D.C.*

**Dear Secretary Donovan:** One year ago, we were faced with a serious problem. Our toolmaker, a man with 42 years experience announced his retirement.

Toolmakers are in critically short supply in the Springfield area and we were beginning to question the success of finding a replacement.

I had heard of the excellent tool and die training program of the Hampden District Regional Skills Center. I immediately contacted them and hired two graduates.

They demonstrate excellent aptitude, are well trained and have made a critical difference in our machine support capability.

Since then we have hired numerous entry level machine operators from the Skills Center and most have worked out very well.

The Skills Center is a first class training resource and truly responds to the labor needs of industry. I strongly urge its continued support.

Sincerely,

**Curtis E. Hartmann,**
*Production Manager.*

MITCHELL MACHINE & TOOL CO., INC.,
*Springfield, Mass., March 26, 1981.*

Hon. RAYMOND DONOVAN,
*Secretary of Labor, U.S. Department of Labor,*
*Washington, D.C.*

DEAR SECRETARY: I am writing in support of the Hampden District Regional Skills Center, located in Springfield, Massachusetts. The programs with which our company has had contact are productive, effective and responsive to the needs of our industry. We have hired individuals from three different programs that the center runs. The individuals have been well trained and well prepared to enter industry.

I support your efforts to eliminate waste from training programs in existence. I feel that elimination of programs like that offered by the Hampden District Regional Skills Center would be a wasting of effective programs that represent excellent cooperation between business and education to fill the local community's needs.

I hope that you will support the efforts and programs of the Hampden District Regional Skills Center.

Very truly yours,

JOHN M. MITCHELL.

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MONARCH LIFE INSURANCE CO.,
*Springfield, Mass., March 31, 1981.*

Hon. RAYMOND DONOVAN,
*Secretary of Labor, U.S. Department of Labor,*
*Washington, D.C.*

DEAR MR. DONOVAN: The Monarch Life Insurance Co. has worked with the Skills Center for several years. During this period of time, we have hired a number of individuals trained by this Center. These individuals have proved to be good employees and we feel that they are in the employ of this Company primarily due to the skills learned at the Center.

We feel the Center is a valuable resource for preparing the unemployed with marketable skills and positive work attitudes.

Sincerely,

(MRS.) BARBARA J. SLATER,
*EEO Coordinator, Personnel.*

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SHAWMUT FIRST BANK & TRUST CO.,
*Springfield, Mass., March 17, 1981.*

Hon. RAYMOND DONOVAN,
*Secretary of Labor, U.S. Department of Labor,*
*Washington, D.C.*

DEAR SIR: This letter is written not to protest budget cuts, but rather to emphasize the support that Shawmut First Bank gives to productive programs such as that of the Hampden District Regional Skills Center.

The H.D.R. Skills Center has performed a valuable service to both the employer community and the economically disadvantaged population by providing occupational training programs (18 to 28 week courses), and preparing these individuals to offer marketable skills to area employers. Thus, they are coming into the mainstream of private industry and off the welfare roles.

We have, since 1970, utilized the H.D.R. Skills Center in securing qualified employees in the clerical field. You are urged to support this exemplary program of training at the Hampden District Regional Skills Center in Springfield, MA.

Sincerely,

HELEN WHITCOMB.

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BAYSTATE MEDICAL CENTER,
*Springfield, Mass., March 24, 1981.*

Hon. RAYMOND DONOVAN,
*Secretary of Labor, U.S. Department of Labor,*
*Washington, D.C.*

DEAR HONORABLE DONOVAN: In view of the current re-evaluation of Manpower Training Programs by the Administration and your department, I am writing this letter on behalf of Baystate Medical Center in support of the Hampden District Regional Skills Center of Springfield, MA. This particular Skills Center has provided for Baystate Medical Center exemplary assistance in training students in areas that we have had great difficulty in securing skilled personnel.

We have been impressed with the thoroughness by which they have evaluated and analyzed the needs and demands of the positions involved, and by the thoroughness that they have prepared their students with those essential skills requisite for successful performance.

In addition to skills, they have also prepared them with highly positive work habits and attitudes that have enabled the trainees to not only succeed in their current positions, but to continue their growth and development in other areas.

Another component of their program that has been of particular assistance to us has been their extremely effective counselling service that provides immediate follow-up with any problems that occur during the initial orientation and training periods. This could involve discussion with trainees and supervisors on work performance, problems with lateness or absence, or counselling for problems occurring in their personal lives.

The success rate of trainees at the Skill Center is unusually high and must be attributed to the professional manner in which they have approached the problems involved in assessing the unskilled worker, developing their potential skills, and matching them to the realistic needs of the business community.

The Skills Center is one of the few programs of this type that we have had complete success with and would recommend fully.

Yours truly,

JOHN W. MCNAIR,
*Vice President, Human Resources.*

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FRIENDLY ICE CREAM CORP.,
FRIENDLY RESTAURANTS,
*Wilbraham, Mass., March 2[illegible], 1981.*

Hon. RAYMOND DONOVAN,
*Secretary of Labor, U.S. Department of Labor,*
*Washington, D.C.*

DEAR MR. SECRETARY: We wish to bring to your attention the Hampden District Regional Skills Center in Springfield, Massachusetts, because we know first hand of the many excellent services it provides industry and residents of our community.

Our company has regularly utilized the H.D.R. Skills Center as a resource in hiring persons for both our office and manufacturing facilities in Wilbraham, Massachusetts. Our experience has been that people hired from this Center are well trainied and have a very positive work ethic. These attributes have proven to be invaluable to us, as well as to the individuals hired.

Programs run by the H.D.R. Skills Center focus on training participants in currently marketable skills. Its programs have enabled many disadvantaged persons in the greater Springfield area to make the transition from welfare and unemployment rolls to the status of meaningfully employed citizens. In addition, programs run by the Skills Center also provide the underemployed with an opportunity to upgrade their skills as well.

In an era when concerns for human rights and productivity are both being stressed, the programs of the H.D.R. Skills Center become even more important. The public and private sector alike should offer its fullest support to ensure the continuance of the H.D.R Skills Center and similar centers throughout the nation.

Thank you for the opportunity of presenting our views to you.

Very truly yours,

WILLIAM N. MORENO,
*Manager of Employee Relations.*
JOSEPH H. MARCHESSEAULT,
*Director of Personnel.*

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MASSACHUSETTS MUTUAL LIFE INSURANCE CO.,
*Springfield, Mass., March 25, 1981.*

Hon. RAYMOND DONOVAN,
*Secretary of Labor, U.S. Department of Labor,*
*Washington, D.C.*

DEAR MR. SECRETARY: As one of many persons in business today who are concerned about the proliferation of government programs, I applaud the direction of the administration's recently announced budget cuts. I am concerned however that we may, in the midst of our fervor, "throw out the baby with the bath water". My concern is directed toward job training programs.

A common complaint of the electorate has been the perceived ease with which many of our citizens have been able to get financial support without being gainfully employed. Those who are truly unable to work deserve our support—those who are unwilling to extend themselves do not. The bulk of persons between those two extremes are not job ready or their skills do not match their communities' needs. Here is where I feel we must put an investment of government funds.

Not all current manpower training programs are strong or responsive to real needs, but I think our local program is one of the best. The Hampden District Regional Skills Center has been providing occupational training programs and entry-level trainee skill programs for over ten years. The programs offered do not concentrate only on minimum level jobs, but are targeted for both skilled (e.g. electronics, tool and die, computer technician) and semi-skilled fields (e.g. clerical, assembly, food service) where local jobs are available. The Skills Center now even provides skills upgrading for under-employed persons working in the Greater Springfield area. In all program designs, local business works with the skill center on defining curriculum and evaluating results.

With demand for more effective government spending and the clamor for increasing our Nation's productivity, it would seem most appropriate to support a training institution designed to meet both business and society's needs. I sincerely ask you Mr. Secretary, to review the Hampden District Regional Skills Center facilities and programs and to support its continuance.

Sincerely,

SUSAN B. MAGEE,
*Director of Information Services.*

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MERCY HOSPITAL,
*Springfield, Mass., March 30, 1981.*

Hon. RAYMOND DONOVAN,
*Secretary of Labor, U.S. Department of Labor,*
*Washington, D.C.*

DEAR SECRETARY DONOVAN: I am writing to you for the purpose of expressing Mercy Hospital's support of the Hampden District Skills Center.

As Employment Manager for the Hospital, I have found the Center an excellent resource for clerical, technical and service employees. These trained applicants are referred with tested skills, excellent work habits, and a desire to do a good job for Mercy Hospital. The high retention rate of Skills Center referrals is an example, I believe, of the superb quality of personnel at the Center who train and refer job-ready candidates to us.

The Hampden District Skills Center should not be victimized by cuts in manpower training.

Sincerely,

MONA EVANS, *Employment Manager.*

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SMITH & WESSON,
*Springfield, Mass., April 1, 1981.*

Hon. RAYMOND DONOVAN,
*Secretary of Labor, U.S. Department of Labor,*
*Washington, D.C.*

DEAR SIR: Smith & Wesson is one of the larger employers in the Western Massachusetts area and is deeply concerned that your office be informed as to the effectiveness of the Hampden District Regional Skills Center.

The Skills Center is an exemplary training institution and provides very credible training and placement opportunities for the unemployed of Hampden County. This company has come to rely upon the Skills Center as a source of skilled labor and would indeed feel the impact if the Center's ability to contribute to the community were reduced or eliminated.

Your consideration of this matter and the continuing support of the Hampden District Regional Skills Center is deeply appreciated.

Very truly yours,

GEORGE C. COLCLOUGH,
*Manager, Employee Relations.*

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MILTON BRADLEY CO.,
*Springfield, Mass., March 30, 1981.*

Hon. RAYMOND DONOVAN,
*Secretary of Labor, U.S. Department of Labor,*
*Washington, D.C.*

DEAR SECRETARY DONOVAN: I am writing to you as a member of the Board of Directors of the Private Industry Council requesting your support for our Skills Center in Springfield, Mass.

We realize that President Reagan is trying to cut unnecessary spending and we are behind him 100 percent. He has also, on numerous occasions, suggested that private industry become involved with many of these programs to make them more efficient, worthwhile, and have payback to the public within a resonable length of time.

I can assure you that the Hampden District Regional Skills Center has accomplished this goal and will continue to do so, if we can be considered for further financing.

Enclosed is a fact sheet on the Skills Center which may help you determine further financing for the Center on your limited budget.

Sincerely,

LAWRENCE B. RYBACKI,
*Vice President—Industrial Relations.*

### WHAT INDUSTRY IS SAYING!

We are grateful to have a ready source of trained applicants available when needed. The Skills Center is one of the few agencies which we can honestly state is ever ready and able to render supportive services on a continuous basis.

MARVIN H. JONES,
*Employment Section Supervision, American Bosch.*

The Skills Center works closely with our Department of Education and Training to provide us with proficient nursing assistants for all of our patient care areas. We are very pleased with the cooperation we receive from the entire Skills Center staff.

JANET ALLERSHAW,
*Personnel Interviewer, Baystate Medical Center.*

The job preparation training in the HDR Skills Center has created a positive attitude not found in many employees recruited from other technical schools.

WALT BROWN,
*Production Manager,*
*Small Tapes Division, Digital.*

The Skills Center graudates that we hire are some of the best qualified and certainly the most motivated employees we now have on our staff.

GLENN CRATTY,
*Regional Personnel Representative,*
*Dow Jones—the Wall Street Journal.*

It is my opinion that the Skills Center serves an important need. it is evident and essential that the Skills Center continue to assist in fulfilling the existing void of skilled machinists in this area. This program not only benefits Worthington Compressor, but area industries as well. These benefits to the community are obvious since healthy and profitable industries provide a sound base for the growth and prosperity of Holyoke.

J. J. LARUSSA,
*Indusrtrial Relations Manager,*
*Worthington Compressors.*

There is an on going need for entry level and secondary level employment in the machine industry. Our relationship with the Skills Center has been extensive and one of cooperation and collaboration. A number of graduates of this machine program have been placed with us and have proved to be valued employees.

JOHN F. RICO,
*Industrial Relations Manager,*
*Kidder-Stacy Co.*

Mercy Hospital has benefited by the many good placements from the Hampden District Regional Skills Center. I would like to take this opportunity to commend the Center's staff on the excellent training programs offered at the Skills Center and the cooperation that is given to us in our recruitment efforts.

MONA EVANS,
*Employment Manager, Mercy Hospital.*

The quality of applicants referred by the HDR Skills Center exceed any other agency with which we deal. Their skills, work habits, and attitudes that the Skills Center has helped develop have become an asset of the Milton Bradley Company.

MICHAEL D. NIZIOLEK,
*Manager-Employment Development and Training,*
*Milton Bradley Co.*

During the past few years, Smith & Wesson has evolved a relationship of some magnitude with the Skills Center. Certainly, this interface has proven to be of significant value to out employment needs in the machine occupations area. Our personnel office and manufacturing supervisors are enthusiastic about the potential for additional machine shop training at the Skills Center. There is an ongoing need for competent machine operators throughout Hampden County and the Skills Center's effort insures a positive direction in facilitating the process of acquiring qualified personnel for Smith & Wesson.

VICTORIA M. D'ANDREA,
*Communications Supervisor,*
*Smith & Wesson.*

I am most enthusiastic to included my support for more machine operators to assist in meeting our burgeoning needs. I am especially pleased that this training will enable participants to enter the labor market at a higher-than-entry-level status. With very few exceptions, the graduates of the Skills Center training program have proven to be competent and most enthusiastic employees. We are most supportive of this exemplary effort to increase the numbe of machine occupations graduates to accept employment within the local industrial community.

JOSEPH T. MCGRANAGHAN,
*Vice President, Manufacturing,*
*Springfield Wire, Inc.*

The majority of our entry-level applicants must have some knowledge of blueprint reading and machinery background. The Skills Center has been able to refer applicants to us who have this type of training and the ones we have hired have worked out very well. Titeflex feels the Skills Center is providing a worthwhile service to the community.

ANN HOPKINS,
*Personnel Supervisor, Titeflex.*

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## PREPARED STATEMENT OF ROBERT O. SNELLING, SR., PRESIDENT AND CHAIRMAN OF THE BOARD, SNELLING & SNELLING, INC.

Mr. Chairman and subcommittee members, I would like to address myself today to the following concerns: the rising rate of unemployment and the suffering it brings both to individual citizens and to the Nation, and the failure of government employment services to deal with it, even at enormous cost to the taxpayer.

However, I do not want to dwell on the negative. I do have a viable alternative to the continuing prospect of even more government programs applied to the unemployment problem and even more government spending.

On October 14, 1981, Representative Paul Findley of Illinois filed a bill in the House of Representatives, a copy of which is enclosed with my written testimony submitted to this committee. This bill, H.R. 4738, proposes the adoption of legislation to amend the Wagner-Peyser Act, which would require the State employment offices to use a portion of their existing budget to utilize the private sector of the employment service profession to locate jobs for the unemployed.

I am also submitting for the committee's inspection the article "The Great Manpower Grab," by the late Representative Frank T. Bow, published in 1964 in the Reader's Digest, which is a prophetic examination of the expansion of the United States Employment Service, and corruption of its programs in light of its original mandate—to find jobs for the unemployed—under the Wagner-Peyser Act of 1933. Since Representative Bow wrote "The Great Manpower Grab" the state employment offices administered by the USES have grown from 1,900 to 2,800, or nearly 50 percent. The USES annual budget has increased from 200 million dollars to 1.2 billion dollars (including 400 million for CETA placements).

Also attached to my written testimony for submission to the permanent record of this committee is a report from three city/county areas in California which have turned to private sector employment services to place CETA workers and rehabilitated city employees even though United States Employment Service/State Job offices are available to them, because the local government agencies have found the private employment service profession can find jobs for people better and faster. Also pilot programs in California, in Michigan and currently in Pennsylvania have used and are using private sector employment services with great success to find jobs for able-to-work welfare people and others on public assistance.

This is not a new idea—the Federal government from time to time over the years has urged greater use of the private sector, but has rarely done so. Instead, there have been laws passed to expand government agencies and departments at tremendous cost, delivering generally inadequate services that could better be supplied by the private sector.

The private employment services in the United States face a unique situation in that the Federal/State employment system has been expanding into management and professional level recruitment, opening offices in affluent suburbs to recruit highly skilled employed people, and advertising—often with a budget that is beyond most private employment services—to constantly remind the public that, as a government service, "there is never a fee." In addition, laws passed by Congress during the past decade or so virtually assures government dominance of the employment field by, for example, requiring any company with Federal contracts in excess of $2,500 to list all jobs with the USES/Job Service offices. Even though in many cases the chances of that employer finding specifically qualified applicants (such as computer analysts or engineers) through the USES is practically nil.

The continuing abuses, and poor performance of the United States Employment Service have not gone unnoticed. Through the years there have been indictments, criticisms and scandals, with the needy unemployed often to the fore with their complaints. The attached report from the State of California Health and Welfare Agency (1975) testifies to the dissatisfaction of employers. The report of the United States General Accounting Office (1976) confirms many complaints, and finds a few extra. The sum of both these documents say the USES does a poor job of placing people, and many employers are reluctant to use it.

In contrast to this, the private sector employment services have over ten thousand offices throughout the nation, many of them in locations not served by the USES, with fifty thousand highly trained professional employment counselors who have found jobs for millions of job seekers. This success is based on the profession's ability to teach others how to put people to work and motivate them to do it quickly, without excessive cost, and in large numbers. In addition, because of their intimate knowledge of client companies, private sector employment services are able to create a job opening where none existed. Let me explain this:

In private sector employment service offices, 40 percent of placements occur in positions that were not listed with that office at the time the individual applied. One half of this group are placed in jobs that did not exist with the client company at the time the contact was made. This is due, in the main, to employers' confidence in the ability of the private sector employment services to recommend the right people to them. But it is also indicative of an interesting fact about the private sector employment services: they can and do generate jobs.

The main reason is that employers are encouraged to create an opening for a special person who is now available, based on the rationale that the particular skill may not be available in six months or a year when they may be looking. In many cases there are employers who have concluded they cannot find the right person for a position and have stopped looking. These things happen far more commonly in the business world than is generally known, but the professionals, the private sector employment services, have been aware of them for years, and know these jobs can be created when they have a good job candidate. The professional employment counselor activity canvasses the job market and client companies through "action calls" on the telephone to find the right job for their applicant (when they do not have a position for them in their files).

The professional employment service counselor is anxious to present the job candidate as one an employer would want. Private employment counselors interview every applicant, they know how to counsel and guide the job seeker, and will offer expert advice on how to dress for the job interview, how to act, how to answer questions, how to win the interview—in other words, how to get the job! No job applicant is sent to a company unannounced or without an appointment, so the employer does not have job candidates who have arrived at inconvenient times and who must be scheduled to return at a later date. Professional employment counselors follow up with employers and applicants to overcome any problems, and they work diligently to see both parties are satisfied even after the placement.

In 10,000 private employment offices throughout America, with 50,000 trained and experienced employment counselors, more than 2 million job seekers were found jobs this past year. However, as in most areas of employment, sometimes placements do not work out. Either the employer or the employee may want to terminate a position within a fairly short time. The private sector employment service will guarantee the placement for a reasonable period. While these guarantees vary from state to state, the Findley bill calls for a 100-day guarantee. If a position lasts less than a hundred days the private employment services will be required to return to the state 1 percent of the service charge for each day not worked. For instance, if either the employer or the employee terminates the employment, with or without cause, within 15 days the private employment service would refund 85 percent of the service charge. If the employee had worked 50 days the refund would be 50 percent of the service charge. This guarantees the state a fair return on investment due to savings of unemployment compensation payments.

Because they are private enterprises, normal business competition keeps private employment services' placement charges competitive. Service charges vary from state to state, city to city and even area to area; House Bill HR 4738 proposes each private employment service use their regular published charges, but not to exceed the maximums provided in the bill.

The savings in government expenditures which as a nation we are all very much concerned with now, are dramatic when the unemployed can quickly be put back to work. In the last six months of the Pennsylvania Employables Program the State of Pennsylvania paid out $300,000 to the private sector employment services and was able to save over 1.5 million dollars in public assistance funds. On a national basis and using the same ratio, the projected savings in unemployment benefits alone would be approximately $2 billion a year. A recent AFL-CIO report states that for every 1 percent reduction in unemployment the Federal government would save 25 to 30 billion dollars annually.

It's safe to say the use of the private sector employment services to reduce the number of unemployed will not increase spending, will not necessitate any investment in additional offices or personnel, will save the nation billions of dollars, and has been proven effective in pilot programs. Last but not least, it will help restore dignity and a sense of identity to many unemployed. In the words of an inner city youth: "Without a job I am nobody, with a job I am somebody."

With over 8 percent of our job force unemployed today, the USES/Job Service must be given a new mandate. With the proposed amendment to the Wagner-Peyser Act the number one priority for the USES would again become finding jobs for the unemployed. Employed persons would no longer be within the purview of the State Job Services, nor would running personnel offices and interview desks for favored employers under the GAMOT directive. Money saved on advertising would be better utilized in tackling the problems of placing the underskilled and underemployed of the inner city.

CETA can also benefit from utilizing the services of the USES/Job Service and the private employment services as indicated in some programs in California (see attached). Better employment would enhance the further allocation of funds for the training areas of CETA.

Abraham Lincoln once said: "The government should only do for the people what the people cannot do for themselves." We must free up America's dynamism and ability to grow, and create new opportunities for people who need to work and be part of our productive society.

## INFORMATION FROM SNELLING & SNELLING OFFICES IN CALIFORNIA

In three separate instances, initially from information forwarded to us by Snelling & Snelling offices in California, we have found that State is utilizing, at least to some extent, the private employment services there. This use of the private sector employment services does not seem to be a part of any State or local government directive, but rather a result of individual agencies and departments deciding private employment services could serve them better.

### CITY OF SACRAMENTO DEPARTMENT OF REHABILITATION

Isabelle Britton of the Sacramento Snelling & Snelling office reported to IHQ that her office had been placing as many as 5-6 rehabilitation persons from the Sacramento city government, among them several policemen injured in the line of duty and now part of the Rehab program.

Inquiry to Wanda Husman of the City of Sacramento Department of Rehabilitation produced the following information:

The City of Sacramento is self-insured. An employee injured on the job must receive rehabilitation, counseling and training from the City if the worker cannot return to his/her former job. Worker on Rehab funds receives two-thirds salary, but not to exceed $175 a week.

According to the Rehabilitation Department, they try to get Rehab people "back to work fast" for two reasons:

Rehab candidates tend to lose initiative and impetus if return to work is delayed with resulting physical and psychological deterioration.

Indefinite or permanent retention of the Rehab candidate on Rehab funds is costly to the City.

Goal of the Department of Rehabilitation is to get Rehab people a job "within a month" after they are ready for re-employment. The Department of Rehabilitation refers the job candidate to private employment services in Sacramento because "the private agencies have more and better jobs listed."

The Department has a 90-day "job search plan." Letters are sent out to private employment services in the area asking them if they will find employment for specific persons mentioned in the letter; the letter serves as authorization of payment when the person is placed in a job.

Comments from Department: "EDD hassles them too much. Rehab people have had it, anyway, they need professional courteous handling. They don't want the run around that is too often the nature of the system." "We want them treated as a person, not as a number."

### SAN RAFAEL/MARIN COUNTY OFFICE OF EMPLOYMENT AND TRAINING

Phillip Grey of the Snelling & Snelling office, San Rafael has been meeting with Marin County Office of Employment and Training to help them place last 50 hard-to-place CETA people. Many of the CETA people in this last group lacked motivation, were confused and discouraged. Grey instructed the group on PEP (Prime, Enthuse, Prepare) and other techniques. County managed to reduce remaining 50 substantially, placing them in jobs.

Grey's Snelling & Snelling staff (other private employment services were also participating on a voluntary, no-charge basis) worked with 5 referrals from this hard-to-place group, were able to place 2. One is an Asian refugee now working in a clothing store as a bookkeeper. Her numbers work is excellent but she has trouble becoming fluent in English. Grey says he may try to place her elsewhere soon, although she gets high mark from employer for bookkeeping skills.

The second CETA referral was placed with local savings and loan association. They have called Grey to say person is highly satisfactory and to express thanks.

### STOCKTON/SAN JOAQUIN EMPLOYMENT AND TRAINING OPPORTUNITIES DEPARTMENT

Luis Sanchez, Information Officer for the Stockton/San Joaquin Employment and Training Opportunities Department has to deal with 1,000 CETA people laid off countywide. Re-employment effort was directed at first basically to find employers to find jobs for job-ready CETA people.

However some CETA people found county placement services inadequate. This group was sent to private employment agency of their choice with their vouchers. A list of the county's private employment service offices was given each job candidate. Most of them were enthusiastic about private employment service placement.

Good community support for this program: the State Savings and Loan Association took ad in newspaper to hire 100 CETA people--50 in April, 50 in July 1981. Savings and Loan later took ad to express their satisfaction with the training their former CETA employees had received. (This program later terminated: see letter attached.)

### HOW WILL THE OPERATION OF THE USES AND STATE JOB SERVICES BE AFFECTED BY A 25 PERCENT BUDGET TRANSFER?

Undoubtedly there will be a realignment of USES and Job Service duties and priorities. One outcome could be a reduction, if not elimination, of funds spent on advertising in newspapers, Yellow Pages, radio and television, direct mail, etc. This money could be applied to retaining qualified personnel. Curtailment of management-level recruiting, and interviewing and screening of job applicants for the employer at the employer's place of business, the reduction of paperwork and like procedures, would allow for further savings to be applied to USES operations.

### WILL THE HARD-TO-PLACE (LAST HIRED, FIRST FIRED) BE HELPED?

Test cases in California, Michigan and Pennsylvania have shown good-to-excellent results. In the latest Pennsylvania Employables Program Report (enclosed) the private sector employment service participating in this program placed 27 percent of referrals; an average of 20 percent were placed in July and August. Private employment services were paid $100,000, while savings to the State were $250,000.

### WILL THERE BE AN OPPORTUNITY FOR FAVORITISM AMONG PRIVATE SECTOR EMPLOYMENT SERVICES PARTICIPATING IN THE PROGRAM?

Unemployment compensation recipients and others being referred to the private sector of the employment service profession will be given a list of private employment service offices in their county, or local vicinity, and will choose from these.

### SHOULD THE PRIVATE SECTOR EMPLOYMENT SERVICES PARTICIPATING IN THE PROGRAM GIVE A SPECIAL RATE OR DISCOUNT TO THE GOVERNMENT?

An upper limit on service charges has been described in House Bill H.R. 4738 that is both reasonable to the private sector and protective of the government. Placement of unemployment compensation recipients and others is essentially not an easy undertaking; private employment services should not be expected to take less than their usual service charges, especially when finding jobs for these applicants will result in considerable savings to the Government.

(The maximum service chages are: 1 percent per thousand to a maximum of 25 percent. For example, an individual placed at $7,000 per year would require a service charge of $495 [7 percent of $7,000]. If placed at $9,000 a year it would be 9 percent of $9,000 or $810.)

In Pennsylvania, private employment services participating in the PEP program were offered $75 for each individual they 'counseled' whether or not that individual was ever placed in a job. They unanimously rejected this offer, preferring to be paid only when the applicant was found employment.

The livelihood of the private employment services depend on referrals from satisfied jobseekers and client companies. They are obligated therefore to work in an ethical and satisfactory manner.

### CAN THE PRIVATE SECTOR HANDLE 9 MILLION UNEMPLOYMENT COMPENSATION RECIPIENTS?

If just 25 percent of the private employment service offices participate in the Private Sector Employment Service Program the number of job offices available to the nation's unemployed will have been doubled. The number of placement counselors will have been tripled, approximately, since in the private sector nearly everyone involved is in a placement capacity.

The private sector has the capacity and the expansion potential to handle an added load, not being subject to procedural delays, authorizations and paperwork as found in government agencies.

Processing of the job applicant in the private sector is more efficient because the private employment service offices do not specialize in counseling sessions, special group studies, evaluations and liaisons, organization of community support agencies or employer visitations. All interviewing and consultations are geared for one thing—finding the applicant a job promptly.

### IS THE USES/JOB SERVICE PLACEMENT ACTIVITY MORE COST-EFFECTIVE THAN PLACEMENTS BY THE PRIVATE SECTOR?

The private sector would be pleased to provide a comparison of our per capita cost placement figures, which are demonstrably accurate, with that of the USES, if the USES figures can clearly and accurately be determined by anyone.

Until 1979, USES figures for budgetary requirements were based on "transactions," which included counseling, interviews, numbers of job applicants sent on interviews with or without resulting job placement, etc. Budgetary allocations are still based on formulae for these years. Placements are now counted in three ways: Those lasting 3 days, called temporary, equivalent to private sector temporary help services. Two categories are called permanent: those from 3 to 150 days, and those over 150 days. These definitions are based on the Job Service interviewers' assessment of the length of employment.

### TO WHAT EXTENT WILL THE PRIVATE SECTOR REQUIRE MANAGEMENT ASSISTANCE, FORMS, PROCEDURES INSTRUCTION, ET CETERA FROM THE GOVERNMENT?

In pilot programs in California, Michigan and Pennsylvania, paperwork was kept to a minimum. A simple voucher system, issued by the local USES office, is suggested.

Time is of the essence. We face a national emergency with an unemployment rate at 8 percent and many state unemployment funds bankrupted. House Bill H.R. 4738 needs to be effected swiftly in order to put the unemployed back to work.

Department of Public Welfare
Office of Income Maintenance
Bureau of Employment Programs

## PEP Report for the Period of August 1 - 31, 1981

This report contains information for the month of August 1981, as well as cumulative information for the 1981-82 fiscal year. Plans are being made to include a chart reflective of monthly changes in activities in next month's report.

Page 6, the PEP Client Activity Report, is a combined report indicating, among other things, the unduplicated number of clients registered in each PEP County during the month. A comparison of this figure with the total placements in a given month will provide a clearer indication of activities and success of the PEP Units.

The CETA Special Grant Counties' activities are shown as a combined effort of these Units in the total PEP Program and should not be added in the reports of the other components.

The Employment Program Trainee authorized complement currently stands at 55. The limited amount of funds available this fiscal year has forced the reduction of the number of slots to 44. This month shows 38 of these slots filled. Efforts are continuing to find permanent, full-time jobs for those trainees who are nearing the end of the maximum of 12 months enrollment.

Period 7-1-81 to 8-31-81

## PEP UNIT ACTIVITY SUMMARY

## CUMULATIVE REPORT FOR FISCAL YEAR'S ACTIVITIES

| CATEGORY | REFERRALS | NUMBER OF PLACEMENTS | | | CASH ASSISTANCE DISCONTINUED | | CASH ASSISTANCE REDUCED | |
|---|---|---|---|---|---|---|---|---|
| | Number | Employment | Training | Total | No. Clients** | Monthly Amt. $ | No. Clients** | Monthly Amt. $ |
| PRIVATE EMPLOYMENT AGENCIES VOUCHERS | 619 | 126 | | 126 | 112 | 19,339.60 | 1 | 25.64 |
| PEP DIRECT | 10,468 | 1,316 | 152 | 1,468 | 2,255 | 361,084.25 | 93 | 6,610.94 |
| OES CONTRACTS | | | | | | | | |
| CETA | 1,7[illegible] | 243 | 47 | 290 | 419 | 69,778.99 | 25 | 2,027.82 |
| TOTAL | 12,845 | 1,685 | 199 | 1,884 | 2,786 | 450,202.84 | 119 | 8,664.40 |

| | |
|---|---|
| TOTAL WELFARE SAVINGS* ▶ | $458,867.24 |

*Current statistics indicate that the average General Assistance client remains on the rolls for one year. The above savings are calculated for one month only, the month during which the activity took place, and are not cumulative. A projection can be made, therefore, that an annual savings of $5,506,406.88 will result from the first two months' activity.

**Of these figures, cash payments for 632 clients were discontinued, and cash payments for 5 clients were reduced, as a result of sanctions.

PEP - PRIVATE EMPLOYMENT AGENCIES (PEA) VOUCHERS Period: 8-1-81 to 8-31-81

| County Board of Assistance | Date Started Participation | Number of Referrals* | No. Placements |  |  | Public Assistance Terminated |  | Public Assistance Reduced |  | Welfare Savings (Combined Terminations & Reductions) |
|---|---|---|---|---|---|---|---|---|---|---|
|  |  |  | Employment | Training | Total | No. Clients | Amount $ | No. Clients | Amount |  |
| 1. Adams |  |  |  |  |  |  |  |  |  |  |
| 2. Allegheny | 1-1-80 | 67 | 16 |  | 16 | 7 | 1204.00 | - | - | 1204.00 |
| 3. Armstrong |  |  |  |  |  |  |  |  |  |  |
| 4. Beaver |  |  |  |  |  |  |  |  |  |  |
| 5. Bedford |  |  |  |  |  |  |  |  |  |  |
| 6. Berks |  |  |  |  |  |  |  |  |  |  |
| 7. Blair | 1-1-80 | 0 |  |  |  |  | - |  | - | - |
| 8. Bradford |  |  |  |  |  |  |  |  |  |  |
| 9. Bucks |  |  |  |  |  |  |  |  |  |  |
| 10. Butler | 3-1-80 | 3 | 1 |  | 1 |  | - |  | - | - |
| 11. Cambria | 3-1-80 | 2 | 1 |  | 1 |  | - |  | - | - |
| 12. Cameron |  |  |  |  |  |  |  |  |  |  |
| 13. Carbon |  |  |  |  |  |  |  |  |  |  |
| 14. Centre |  |  |  |  |  |  |  |  |  |  |
| 15. Chester |  |  |  |  |  |  |  |  |  |  |
| 16. Clarion |  |  |  |  |  |  |  |  |  |  |
| 17. Clearfield |  |  |  |  |  |  |  |  |  |  |
| 18. Clinton |  |  |  |  |  |  |  |  |  |  |
| 19. Columbia |  |  |  |  |  |  |  |  |  |  |
| 20. Crawford |  |  |  |  |  |  |  |  |  |  |
| 21. Cumberland |  |  |  |  |  |  |  |  |  |  |
| 22. Dauphin | 2-1-80 | 9 | 3 |  | 3 | 3 | 516.00 |  |  | 516.00 |
| 23. Delaware | 2-1-80 | 38 |  |  | - |  | - |  |  | - |
| 24. Elk |  |  |  |  |  |  |  |  |  |  |
| 25. Erie |  |  |  |  |  |  |  |  |  |  |
| 26. Fayette |  |  |  |  |  |  |  |  |  |  |
| 27. Forest |  |  |  |  |  |  |  |  |  |  |
| 28. Franklin |  |  |  |  |  |  |  |  |  |  |
| 29. Fulton |  |  |  |  |  |  |  |  |  |  |
| 30. Greene |  |  |  |  |  |  |  |  |  |  |
| 31. Huntingdon |  |  |  |  |  |  |  |  |  |  |
| 32. Indiana |  |  |  |  |  |  |  |  |  |  |
| 33. Jefferson |  |  |  |  |  |  |  |  |  |  |
| 34. Juniata |  |  |  |  |  |  |  |  |  |  |
| 35. Lackawanna |  |  |  |  |  |  |  |  |  |  |
| 36. Lancaster | 1-1-80 | 0 |  |  | - |  | - |  | - | - |
| 37. Lawrence | 2-1-80 | 2 |  |  | - |  | - |  | - | - |
| 38. Lebanon |  |  |  |  |  |  |  |  |  |  |
| 39. Lehigh | 1-1-80 | 2 | 2 |  | 2 |  | - |  | - | - |
| 40. Luzerne | 1-1-80 | 0 |  |  | - |  | - |  | - | - |
| 41. Lycoming | 1-18-80 | 1 |  |  | - |  | - |  | - | - |
| 42. McKean |  |  |  |  |  |  |  |  |  |  |
| 43. Mercer |  |  |  |  |  |  |  |  |  |  |
| 44. Mifflin |  |  |  |  |  |  |  |  |  |  |
| 45. Monroe |  |  |  |  |  |  |  |  |  |  |
| 46. Montgomery |  |  |  |  |  |  |  |  |  |  |
| 47. Montour |  |  |  |  |  |  |  |  |  |  |
| 48. Northampton |  |  |  |  |  |  |  |  |  |  |
| 49. Northumberland |  |  |  |  |  |  |  |  |  |  |
| 50. Perry |  |  |  |  |  |  |  |  |  |  |
| 51. Philadelphia | 1-18-80 | 122 | 49 |  | 49 | 47 | 8084.00 |  |  | 8084.00 |
| 52. Pike |  |  |  |  |  |  |  |  |  |  |
| 53. Potter |  |  |  |  |  |  |  |  |  |  |
| 54. Schuylkill |  |  |  |  |  |  |  |  |  |  |
| 55. Snyder |  |  |  |  |  |  |  |  |  |  |
| 56. Somerset |  |  |  |  |  |  |  |  |  |  |
| 57. Sullivan |  |  |  |  |  |  |  |  |  |  |
| 58. Susquehanna |  |  |  |  |  |  |  |  |  |  |
| 59. Tioga |  |  |  |  |  |  |  |  |  |  |
| 60. Union |  |  |  |  |  |  |  |  |  |  |
| 61. Venango |  |  |  |  |  |  |  |  |  |  |
| 62. Warren |  |  |  |  |  |  |  |  |  |  |
| 63. Washington |  |  |  |  |  |  |  |  |  |  |
| 64. Wayne |  |  |  |  |  |  |  |  |  |  |
| 65. Westmoreland |  |  |  |  |  |  |  |  |  |  |
| 66. Wyoming |  |  |  |  |  |  |  |  |  |  |
| 67. York | 2-1-80 | 54 | 8 |  | 8 | 7 | 1230.50 | 1 | 25.64 | 1256.14 |
| TOTALS | [redacted] | 300 | 80 |  | 80 | 64 | 11034.50 | 1 | 25.64 | 11060.14 |

*These figures represent the number of vouchers (one per client) issued to clients during the current reporting month.

NOTE: Only East and Southeast Districts of Allegheny CAO, and Boulevard and West Districts of Philadelphia CAO, are participants in PEP-PEA.

-1-

PEP-DIRECT

Period: 8-1-81 to 8-31-81

| County Board of Assistance | Date Started Participation | Number of Referrals* | No. Placements | | | Public Assistance Terminated | | Public Assistance Reduced | | Welfare Savings (Combined Terminations & Reductions) |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Employment | Training | Total | No. Clients | Amount $ | No. Clients | Amount | |
| 1. Adams | | | | | | | | | | |
| 2. Allegheny | 8-1-80 | 54 | 25 | | 24 | 30 | 5160.00 | | | 5160.00 |
| 3. Armstrong | | | | | | | | | | |
| 4. Beaver | | | | | | | | | | |
| 5. Bedford | 5-1-80 | 5 | 15 | | 15 | 20 | 2272.00 | | | 2272.00 |
| 6. Berks | 11-1-79 | 83 | 4 | | 4 | 5 | 819.00 | | | 819.00 |
| 7. Blair | 1-1-80 | 22 | 62 | | 62 | 65 | 8686.75 | 22 | 1140.64 | 9827.39 |
| 8. Bradford | | | | | | | | | | |
| 9. Bucks | 11-1-79 | 44 | 21 | | 21 | 87 | 12841.00 | | | 12841.00 |
| 10. Butler | [illegible]-1-80 | 107 | 27 | | 27 | 53 | 8918.00 | 1 | 40.40 | 8958.40 |
| 11. Cambria | 11-1-79 | 89 | 3 | 5 | 8 | 20 | 2313.20 | 2 | 173.00 | 2486.20 |
| 12. Cameron | | | | | | | | | | |
| 13. Carbon | | | | | | | | | | |
| 14. Centre | | | | | | | | | | |
| 15. Chester | 3-1-80 | 59 | 9 | 1 | 10 | 18 | 2929.00 | | | 2929.00 |
| 16. Clarion | | | | | | | | | | |
| 17. Clearfield | 1-15-80 | 209 | 66 | | 66 | 89 | 20874.00 | | | 20874.00 |
| 18. Clinton | | | | | | | | | | |
| 19. Columbia | | | | | | | | | | |
| 20. Crawford | 3-1-80 | [illegible] | 5 | | 5 | 9 | 1548.00 | | | 1548.00 |
| 21. Cumberland | | | | | | | | | | |
| 22. Dauphin | 2-1-80 | 779 | 32 | | 32 | 34 | 5848.00 | | | 5848.00 |
| 23. Delaware | 11-1-79 | 272 | 30 | 6 | 36 | 57 | 9478.60 | 2 | 242.20 | 9720.80 |
| 24. Elk | | | | | | | | | | |
| 25. Erie | 7-1-80 | 145 | 33 | | 33 | 36 | 5914.00 | 1 | 235.00 | 6149.00 |
| 26. Fayette | 11-1-79 | 42 | 14 | 1 | 15 | 18 | 2257.00 | | | 2257.00 |
| 27. Forest | | | | | | | | | | |
| 28. Franklin | 7-1-81 | 95 | 19 | 2 | 21 | 33 | 4432.00 | | | 4432.00 |
| 29. Fulton | 5-1-80 | 11 | 3 | 1 | 4 | 7 | 684.00 | | | 684.00 |
| 30. Greene | | | | | | | | | | |
| 31. Huntingdon | | | | | | | | | | |
| 32. Indiana | | | | | | | | | | |
| 33. Jefferson | | | | | | | | | | |
| 34. Juniata | | | | | | | | | | |
| 35. Lackawanna | 11-1-79 | 90 | 31 | | 31 | 68 | 11307.00 | 1 | 40.00 | 11347.00 |
| 36. Lancaster | 11-1-79 | 1606 | 68 | | 68 | 134 | 21531.00 | 2 | 106.00 | 21637.00 |
| 37. Lawrence | 11-1-79 | 73 | 14 | 1 | 15 | 17 | 2548.00 | | | 2548.00 |
| 38. Lebanon | 5-1-81 | 215 | 5 | 92 | 97 | 23 | 3758.00 | | | 3758.00 |
| 39. Lehigh | 1-1-80 | 7 | 2 | 2 | 4 | 6 | 1200.00 | 1 | 172.00 | 1372.00 |
| 40. Luzerne | 11-1-79 | 93 | 95 | | 95 | [illegible] | 20173.50 | | | 20173.50 |
| 41. Lycoming | | | | | | | | | | |
| 42. McKean | | | | | | | | | | |
| 43. Mercer | | | | | | | | | | |
| 44. Mifflin | | | | | | | | | | |
| 45. Monroe | | | | | | | | | | |
| 46. Montgomery | 1-1-80 | 16 | | | - | 5 | 905.00 | | | 905.00 |
| 47. Montour | | | | | | | | | | |
| 48. Northampton | 1-1-80 | 136 | 8 | | 8 | 9 | 1808.80 | 1 | 267.87 | 2076.67 |
| 49. Northumberland | 11-1-79 | 86 | 26 | | 26 | 41 | 4611.92 | | | 4611.92 |
| 50. Perry | | | | | | | | | | |
| 51. Philadelphia | 3-1-80 | 119 | 8 | 4 | 12 | 15 | 6020.00 | | | 6020.00 |
| 52. Pike | | | | | | | | | | |
| 53. Potter | | | | | | | | | | |
| 54. Schuylkill | | | | | | | | | | |
| 55. Snyder | | | | | | | | | | |
| 56. Somerset | 5-1-80 | 15 | 12 | | 12 | 10 | 1470.00 | 4 | 400.00 | 18[illegible].00 |
| 57. Sullivan | | | | | | | | | | |
| 58. Susquehanna | | | | | | | | | | |
| 59. Tioga | | | | | | | | | | |
| 60. Union | | | | | | | | | | |
| 61. Venango | | | | | | | | | | |
| 62. Warren | | | | | | | | | | |
| 63. Washington | 4-1-80 | 25 | 4 | | 4 | [illegible] | 1476.00 | 1 | 66.20 | 1542.20 |
| 64. Wayne | | | | | | | | | | |
| 65. Westmoreland | 7-1-81 | 31 | 19 | | 18 | 19 | 1313.31 | | | 1313.31 |
| 66. Wyoming | | | | | | | | | | |
| 67. York | [illegible] | 530 | 25 | 2 | 27 | 15 | 5930.20 | [illegible] | 143.40 | 6073.60 |
| TOTALS | [illegible] | 5131 | 444 | 117 | 401 | 1125 | 181,324.39 | 41 | 3026.71 | 184,351.53 |

*Figures in this column may be duplicate; i.e., a client may have been referred to an employment or training source more than once.

PEP - CETA SPECIAL GRANT

Period: 8-1-81 to 8-31-81

| County Board of Assistance | Date Started Participation | Number of Referrals* | No. Placements | | | Public Assistance Terminated | | Public Assistance Reduced | | Welfare Savings (Combined Terminations & Reductions) |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Employment | Training | Total | No. Clients | Amount $ | No. Clients | Amount | |
| 1. Adams | | | | | | | | | | |
| 2. Allegheny | | | | | | | | | | |
| 3. Armstrong | | | | | | | | | | |
| 4. Beaver | | | | | | | | | | |
| 5. Bedford | | | | | | | | | | |
| 6. Berks | | | | | | | | | | |
| 7. Blair | | | | | | | | | | |
| 8. Bradford | | | | | | | | | | |
| 9. Bucks | | | | | | | | | | |
| 10. Butler | | | | | | | | | | |
| 11. Cambria | | | | | | | | | | |
| 12. Cameron | | | | | | | | | | |
| 13. Carbon | | | | | | | | | | |
| 14. Centre | | | | | | | | | | |
| 15. Chester | 3-1-80 | 38 | | 2 | 2 | 1 | 181.00 | 1 | 20.00 | 201.00 |
| 16. Clarion | | | | | | | | | | |
| 17. Clearfield | | | | | | | | | | |
| 18. Clinton | | | | | | | | | | |
| 19. Columbia | | | | | | | | | | |
| 20. Crawford | | | | | | | | | | |
| 21. Cumberland | | | | | | | | | | |
| 22. Dauphin | 3-1-80 | 12 | 1 | 1 | 2 | 2 | 344.00 | | | 344.00 |
| 23. Delaware | | | | | | | | | | |
| 24. Elk | | | | | | | | | | |
| 25. Erie | 3-1-80 | 24 | 4 | | 4 | 6 | 599.00 | | | 599.00 |
| 26. Fayette | | | | | | | | | | |
| 27. Forest | | | | | | | | | | |
| 28. Franklin | | | | | | | | | | |
| 29. Fulton | | | | | | | | | | |
| 30. Greene | | | | | | | | | | |
| 31. Huntingdon | | | | | | | | | | |
| 32. Indiana | | | | | | | | | | |
| 33. Jefferson | | | | | | | | | | |
| 34. Juniata | | | | | | | | | | |
| 35. Lackawanna | | | | | | | | | | |
| 36. Lancaster | | | | | | | | | | |
| 37. Lawrence | | | | | | | | | | |
| 38. Lebanon | | | | | | | | | | |
| 39. Lehigh | | | | | | | | | | |
| 40. Luzerne | 3-1-80 | 63 | | 11 | 11 | 11 | 1982.00 | 5 | 123.82 | 2105.82 |
| 41. Lycoming | | | | | | | | | | |
| 42. McKean | | | | | | | | | | |
| 43. Mercer | | | | | | | | | | |
| 44. Mifflin | | | | | | | | | | |
| 45. Monroe | | | | | | | | | | |
| 46. Montgomery | | | | | | | | | | |
| 47. Montour | | | | | | | | | | |
| 48. Northampton | 3-1-80 | 93 | 9 | 1 | 10 | 22 | 3670.70 | | | 3670.70 |
| 49. Northumberland | | | | | | | | | | |
| 50. Perry | | | | | | | | | | |
| 51. Philadelphia | | | | | | | | | | |
| 52. Pike | | | | | | | | | | |
| 53. Potter | | | | | | | | | | |
| 54. Schuylkill | | | | | | | | | | |
| 55. Snyder | | | | | | | | | | |
| 56. Somerset | | | | | | | | | | |
| 57. Sullivan | | | | | | | | | | |
| 58. Susquehanna | | | | | | | | | | |
| 59. Tioga | | | | | | | | | | |
| 60. Union | | | | | | | | | | |
| 61. Venango | | | | | | | | | | |
| 62. Warren | | | | | | | | | | |
| 63. Washington | 3-1-80 | 38 | 23 | 4 | 27 | 45 | 7253.33 | 3 | 280.40 | 7534.33 |
| 64. Wayne | | | | | | | | | | |
| 65. Westmoreland | | | | | | | | | | |
| 66. Wyoming | | | | | | | | | | |
| 67. York | | | | | | | | | | |
| TOTALS | [redacted] | [illegible] | 37 | 19 | 56 | 87 | 14030.10 | 9 | 424.22 | [illegible] |

*Figures in this column may be duplicate; i.e., a client may have been referred to an employment or training source more than once.

PEP - CLIENT ACTIVITY REPORT

Period: 8-1-81 to 8-31-81

| Number of Clients / COUNTIES | Total Registered in PEP Unit | PEP Referral Actions* | | | | Placed in Employment | | | | Placed in Training | | | | Cash Assistance Discontinued | | | | Cash Assistance Reduced | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Direct | PEA | CETA | Total | Direct | PEA | CETA | Total | Direct | PEA | CETA | Total | Place-ments | Sanc-tions | Others | Total | Place-ments | Sanc-tions | Others | Total |
| 1. Adams | | | | | | | | | | | | | | | | | | | | | |
| 2. Allegheny | 67 | 54 | 37 | | 121 | 25 | 16 | | 41 | | | | - | 27 | 6 | 4 | 37 | | | | - |
| 3. Armstrong | | | | | | | | | | | | | | | | | | | | | |
| 4. Beaver | | | | | | | | | | | | | | | | | | | | | |
| 5. Bedford | 7 | 5 | | | 5 | 15 | | | 15 | | | | - | 20 | | | 20 | | | | - |
| 6. Berks | [illegible] | 83 | | | 83 | 4 | | | 4 | | | | - | 4 | 1 | | 5 | | | | - |
| 7. Blair | 114 | 22 | | | 22 | 62 | | | 62 | | | | - | 65 | | | 65 | 22 | | | 22 |
| 8. Bradford | | | | | | | | | | | | | | | | | | | | | |
| 9. Bucks | 68 | 44 | | | 44 | 21 | | | 21 | | | | - | 29 | 58 | | 87 | | | | - |
| 10. Butler | 78 | 107 | 3 | | 110 | 27 | 1 | | 28 | | | | - | 30 | 23 | | 53 | | 1 | | 1 |
| 11. Cambria | 44 | 89 | 2 | | 91 | 3 | 1 | | 4 | 5 | | | 5 | 20 | | | 20 | 2 | | | 2 |
| 12. Cameron | | | | | | | | | | | | | | | | | | | | | |
| 13. Carbon | | | | | | | | | | | | | | | | | | | | | |
| 14. Centre | | | | | | | | | | | | | | | | | | | | | |
| 15. Chester | 58 | 59 | | 38 | 97 | 9 | | | 9 | 2 | | 1 | 3 | 14 | 5 | | 19 | 1 | | | 1 |
| 16. Clarion | | | | | | | | | | | | | | | | | | | | | |
| 17. Clearfield | 43 | 205 | | | 205 | 66 | | | 66 | | | | - | 66 | 23 | | 89 | | | | - |
| 18. Clinton | | | | | | | | | | | | | | | | | | | | | |
| 19. Columbia | | | | | | | | | | | | | | | | | | | | | |
| 20. Crawford | 34 | [illegible] | | | 36 | 5 | | | 5 | | | | - | [illegible] | 4 | 1 | 9 | | | | - |
| 21. Cumberland | | | | | | | | | | | | | | | | | | | | | |
| 22. Dauphin | 123 | 779 | 9 | 12 | 800 | 32 | 3 | 1 | 36 | | | 1 | 1 | 35 | 2 | 2 | 39 | | | | - |
| 23. Delaware | 61 | 272 | 38 | | 310 | 30 | | | 30 | 6 | | | 6 | 35 | 18 | 4 | 57 | 2 | | | 2 |
| 24. Elk | | | | | | | | | | | | | | | | | | | | | |
| 25. Erie | 148 | 145 | | 24 | 169 | 33 | | 4 | 37 | | | | - | 41 | 1 | | 42 | 3 | | | 3 |
| 26. Fayette | 42 | 42 | | | 42 | 14 | | | 14 | 1 | | | 1 | 18 | | | 18 | | | | - |
| 27. Forest | | | | | | | | | | | | | | | | | | | | | |
| 28. Franklin | 34 | 95 | | | 95 | 19 | | | 19 | 2 | | | 2 | 31 | 2 | | 33 | | | | - |
| 29. Fulton | 0 | 11 | | | 11 | 3 | | | 3 | 1 | | | 1 | 7 | | | 7 | | | | - |
| 30. Greene | | | | | | | | | | | | | | | | | | | | | |
| 31. Huntingdon | | | | | | | | | | | | | | | | | | | | | |
| 32. Indiana | | | | | | | | | | | | | | | | | | | | | |
| 33. Jefferson | | | | | | | | | | | | | | | | | | | | | |
| 34. Juniata | | | | | | | | | | | | | | | | | | | | | |
| 35. Lackawanna | 45 | 90 | | | 90 | 31 | | | 31 | | | | - | 50 | 18 | | 68 | 1 | | | 1 |
| 36. Lancaster | 199 | 1606 | | | 1606 | 68 | | | 68 | | | | - | 91 | 43 | | 134 | 2 | | | 2 |
| 37. Lawrence | 36 | 73 | 2 | | 75 | 14 | | | 14 | 1 | | | 1 | 17 | | | 17 | | | | - |
| 38. Lebanon | [illegible] | 215 | | | 215 | 5 | | | [illegible] | 92 | | | 92 | 2 | 17 | 4 | 23 | | | | - |
| 39. Lehigh | 9 | 7 | 2 | | 9 | 2 | 2 | | 4 | 2 | | | 2 | 2 | | 4 | 6 | 1 | | | 1 |
| 40. Luzerne | 156 | 93 | | 63 | 156 | 95 | | | 95 | | | 11 | 11 | 106 | 18 | | 124 | 5 | | | 5 |
| 41. Lycoming | 1 | | 1 | | 1 | | | | - | | | | - | | | | - | | | | - |
| 42. McKean | | | | | | | | | | | | | | | | | | | | | |
| 43. Mercer | | | | | | | | | | | | | | | | | | | | | |
| 44. Mifflin | | | | | | | | | | | | | | | | | | | | | |
| 45. Monroe | | | | | | | | | | | | | | | | | | | | | |
| 46. Montgomery | 0 | 16 | | | 16 | | | | - | | | | - | 4 | 1 | | 5 | | | | - |
| 47. Montour | | | | | | | | | | | | | | | | | | | | | |
| 48. Northampton | 46 | 136 | | 93 | 229 | 8 | | 9 | 17 | | | 1 | 1 | 22 | 9 | | 31 | 1 | | | 1 |
| 49. Northumberland | 337 | 86 | | | 86 | 26 | | | 26 | | | | - | 36 | 5 | | 41 | | | | - |
| 50. Perry | | | | | | | | | | | | | | | | | | | | | |
| 51. Philadelphia | 118 | 110 | 122 | | 232 | 8 | 49 | | 57 | 4 | | | 4 | 53 | 27 | 2 | 82 | | | | - |
| 52. Pike | | | | | | | | | | | | | | | | | | | | | |
| 53. Potter | | | | | | | | | | | | | | | | | | | | | |
| 54. Schuylkill | | | | | | | | | | | | | | | | | | | | | |
| 55. Snyder | | | | | | | | | | | | | | | | | | | | | |
| 56. Somerset | 47 | 15 | | | 15 | 12 | | | 12 | | | | - | 8 | 2 | | 10 | 4 | | | 4 |
| 57. Sullivan | | | | | | | | | | | | | | | | | | | | | |
| 58. Susquehanna | | | | | | | | | | | | | | | | | | | | | |
| 59. Tioga | | | | | | | | | | | | | | | | | | | | | |
| 60. Union | | | | | | | | | | | | | | | | | | | | | |
| 61. Venango | | | | | | | | | | | | | | | | | | | | | |
| 62. Warren | | | | | | | | | | | | | | | | | | | | | |
| 63. Washington | 47 | 25 | | 68 | 93 | 4 | | 23 | 27 | | | 4 | 4 | 32 | 19 | 3 | 54 | 1 | 2 | 1 | 4 |
| 64. Wayne | | | | | | | | | | | | | | | | | | | | | |
| 65. Westmoreland | 93 | 93 | | | 93 | 18 | | | 18 | | | | - | 18 | 1 | | 19 | | | | - |
| 66. Wyoming | | | | | | | | | | | | | | | | | | | | | |
| 67. York | 33 | 540 | 54 | | 594 | 25 | 3 | | 33 | 2 | | | 2 | 33 | 9 | | 42 | 2 | | | 2 |
| TOTALS | 1263 | 5193 | 302 | 298 | 5791 | 644 | 32 | 37 | 801 | 119 | | 13 | 136 | 920 | 312 | [illegible] | [illegible] | 47 | 3 | | [illegible] |

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Congressional Record

United States of America

PROCEEDINGS AND DEBATES OF THE 97th CONGRESS, FIRST SESSION

Vol. [illegible]7 WASHINGTON, WEDNESDAY, OCTOBER 14, 1981 No. 145

## HELP FOR UNEMPLOYED

(Mr. FINDLEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FINDLEY. Mr. Speaker, I am today introducing legislation to amend the Wagner-Peyser Act to require that State employment offices use a portion of their existing budget to utilize the private sector of the employment service profession to locate jobs for unemployed individuals and public assistance recipients.

This legislation is vital to millions of Americans seeking jobs. Now that the Government is engaged in meeting the challenge of budget cutting to bring us to a hoped-for sound economic base, it is of pressing importance that we rely once again on free enterprise and the private sector to assume that which it historically does faster, better, and more cost effectively than government.

It is critically important that we deal promptly with the current annual unemployment rate of over 8 percent, a rate which forecasters predict will not diminish within the foreseeable future.

In proposing this bill, I ask that we consider all the various costs to the Nation when 8 percent of the work force is without jobs. An 8 percent rate of unemployment adds enormously to expenditures by Federal, State, and local governments for unemployment compensation, welfare, and other forms of public assistance. It reduces tax revenues and decreases business and industry productivity.

The greater cost to a nation, however, is what unemployment breeds—discouraged, aimless young people, rising crime and vandalism, and enormous social, economic, psychological, and physiological pressures on the jobless and their families. This suffering, and the loss of individual dignity and self-worth, cannot be measured in monetary terms. It is, in the ultimate, devastating to the entire social fabric of our country.

Unfortunately, the public agencies charged with finding jobs for the unemployed have been less than successful. Even more unfortunately, the private sector of the employment services profession has been virtually shut out of our Nation's efforts to reduce unemployment.

The bill I am introducing today would change that. It would require that States which receive money under the Wagner-Peyser Act set aside a specified portion of their funds for private employment service placement efforts. A private employment service would be paid its customary charge, up to a reasonable amount specified in the bill if it found a job for an individual referred by a State employment office. The private agency would not retain full payment of its charge unless the individual stayed on the job for at least 100 days. The private agency would have to return 1 percent of its compensation for each day, under 100, that the individual for whom it found a job failed to stay employed by the same employer.

Although it would be up to each State to decide how to implement this program, a minimum of paperwork should be necessary. I would urge that a simple voucher system be used. Under such a system, a State employment service would provide each eligible individual with a voucher to present to a private employment service. If and when that service found a job for the individual, the voucher would be presented for payment to the appropriate State agency.

In order to insure that State and private agencies fully cooperate, the bill requires that: First, a set percentage of the State agencies funds be used for the program and second, the State agencies refer individuals to the private service on a proportionately representative basis. In other words, the State agency must refer a fair sampling of its clientele, not just those whom the public agency cannot place.

The bill also makes clear that States are not limited to using Wagner-Peyser Act funds in making use of private employment services. A State may use any funds properly available to it for obtaining jobs for individuals who receive Government benefits or assistance to secure the aid of private employment services.

Mr. Speaker, the Wagner-Peyser Act was written in 1933, in the depths of the Great Depression, when the widespread unemployment of that era directly affected one-third of the population of the United States. This act created the U.S. Employment Service and a Federal-State partnership to establish what was in effect an emergency network of State-run employment offices to find jobs for the unemployed.

No one could foresee, in the dire straits of the Depression of 1933, that the U.S. Employment Service created by the Wagner-Peyser Act would prolong itself almost 50 years, involve itself in activities far exceeding its original mandate, and render its original purpose—to find jobs for the unemployed—one of its lesser activities.

In the past decade, the number of people actually placed in jobs by the USES has declined drastically. Placements dropped from 6.6 million in 1966 to less than 4 million last year. Of perhaps equal significance is a Government Accounting Office report on USES which observes that the bulk of these placements were not permanent positions, and many were of a temporary nature.

In the mid-1970's, while job service files were filled with the names of millions of unemployed, USES turned to recruiting job candidates at managerial levels, using radio, television, newspapers, and the yellow pages, seeking to place attorneys at $50,000 a year, engineers at $40,000, machinists at $20,000—all people then currently employed.

In the last decade the U.S. Employment Service opened offices in affluent suburbs, close to a skilled work force and managerial-level job candidates. Obviously, such actions fail to serve the jobless of the inner city. The State of Colorado Division of Employment came under fire in recent years for failing to help the jobless and disadvantaged. A former president of the Colorado Labor Council served as a consultant in an investigation of that State's employment service, and, according to the Rocky Mountain News said that the Colorado Employment Service has been inefficient in helping minority and first-time applicants in finding jobs and training.

The investigation of the Colorado Job Service stemmed from a suit filed in 1973 by the AFL-CIO and several community organizations, among them the NAACP. The suit charged that the employment service obtained $48.7 million in Federal money over 5 years to run a program for poor and disadvantaged persons but never seriously did so. This suit was settled out of court when the Labor Department promised to investigate, and several top Colorado Employment Service officials resigned.

Failure to place long-term unemployed in satisfactory numbers has led to the severe depletion of several States unemployment trust accounts.

The record just reviewed is not an indictment of the U.S. Employment Service per se, or of its staffs, which contain many earnestly committed and effective people. Rather, it is an example of a Government agency no longer able to perform the task for which it was originally established. Times have changed. Employers today view USES' job placement offices as unemployment offices and too often refuse to use them.

The failure of USES to find jobs for the unemployed led, in 1973, to the involvement of the private sector employment services in California in a pilot program called the California Private Employment Project #1. The State of California contracted with private employment services to find jobs for able-to-work welfare recipients—saving, in the process, $300,000 in unemployment and welfare payments. Approximately 54 percent of the individuals placed by private employment services stayed on the job 90 days or more. This success gave the State of California a 3 to 1 return on its investment.

A similar program was successful in Michigan, where six Oakland County private employment services were involved in a federally funded project to find jobs for State aid to dependent children clients. The purpose of this experimental project was to reduce the welfare rolls through utilization of private enterprise. Using private employment services to interview in depth, motivate and place these people in gainful employment, Michigan demonstrated that the service charge paid to the private employment offices saved vast sums when compared with montly and yearly State public assistance payments.

Unfortunately, the pilot projects in Michigan and California met a predictable amount of resistance within State governments. State employees were not particularly cooperative with plans to enlist the help of the private sector. A scarcity of referrals to private employment services developed when the pilot projects were finally activated. States were slow in processing possible job candidates. When public assistance recipients were finally referred to private employment offices, the candidates were not well motivated, nor well informed about the project, even though many of them proved willing to have the private employment offices look for jobs for them.

In 1980, the Department of Welfare of the Commonwealth of Pennsylvania studied the results of the Michigan and California pilot programs and started the Pennsylvania employables program to use private employment services to find jobs for able-to-work welfare recipients. The Pennsylvania program has been so successful that it was renewed for the year 1981. A bill in the Pennsylvania legislature now proposes to make the program permanent.

The private employment agencies in Pennsylvania placed, as of June 31, 1981, 20 percent of the candidates referred to them versus 11 percent for the State employment agencies, and were paid on a contingency basis a total sum of under $300,000. The State saved over $1.5 million in cash assistance payments.

Although the State of Pennsylvania had originally authorized over $645,000 to pay the private sector employment services' charges in 1980, less than 10 percent of that sum was used that year due to delays in departmental processing, and the resulting low numbers of job applicants referred by the Department of Welfare. However, in a survey at the end of 1980, over 90 percent of the private employment services participating in the Pennsylvania employables program desired to continue.

The savings in these programs are not just in State and Government funds, but also in human values—in regular wages and restored dignity for the worker, in renewal of hope for individuals and families and alleviation of suffering.

Mr. Speaker, the Wagner-Peyser Act was our Nation's response 50 years ago to a major crisis in our history. We face a crisis again today as we seek to reduce Government in many areas, and to cut spending so that our Nation may not only survive—but grow. We truly should not and cannot continue to provide and pay for Government services where the private sector can do the job more effectively and at less cost. The challenge we face today is different—different in scope, different in quantity, and different in terms of the solution needed. The bill I have introduced today can meet today's employment problems in a realistic and cost-effective manner. I urge my colleagues to study it and I welcome their support.

Text of the bill follows:

### H.R. 4738

A bill to amend the Wagner-Peyser Act to require State employment offices to use private employment services to locate jobs for unemployed individuals, and for other purposes

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

### FINDINGS

SECTION 1. The Congress finds and declares that—

(1) the Nation has suffered substantial and unacceptable unemployment and underemployment imposing numerous varied and escalating economic and social costs including—

(A) increased expenditures by Federal, State, and local governments for unemployment compensation, public assistance and other transfer payments as well as reduced tax revenues,

(B) decreased business and industry productivity and increased tax burdens, and

(C) exposure of many families to economic, social, psychological and physiological costs, including disruption of family life and loss of individual dignity;

(2) the private employment service profession has over 10,000 offices, many in locations not served by State employment offices, and over 50,000 professional employment counselors available on a contingency basis to assist the unemployed in quickly finding permanent employment;

(3) government at all levels has failed to use adequately the resources of private employment services in accordance with government policies to increase reliance on the private sector, including Office of Management and Budget Circular A-76, despite the proven cost-effectiveness of such services and the great need to find employment for the Nation's unemployed;

(4) the State programs which have used the resources of private employment services to find jobs for the unemployed have been proven successful; and

(5) government at all levels should make use of private employment services in order to aid unemployed persons and to reduce unemployment in the States.

### PURPOSE OF THE ACT

SEC. 2. The purpose of this Act is to require States to use private employment services to aid the unemployed in finding jobs in the most cost-effective manner possible.

### AMENDMENT

SEC. 3. Section 8 of the Act of June 6, 1933 (29 U.S.C. 49g), popularly known as the Wagner-Peyser Act, is amended—

(1) by inserting "(a)" after "SEC. 8."; and

(2) by adding at the end thereof the following new subsection:

"(b)(1) Any State desiring to receive funds under this Act for any fiscal year beginning on or after October 1, 1982, shall, by the agency designated to cooperate with the United States Employment Service, submit to the Director such amendments to the plan submitted under subsection (a) as may be necessary to insure that not less than 25 percent of the funds made available under this Act during any such year will be used for the purpose of securing the assistance of private employment services to obtain jobs for unemployed individuals in accordance with the requirements of this subsection. The amendments submitted by the State agency shall insure that individuals referred by that agency to private employment services proportionately represent, on the basis of job skills and experience, the individuals served by such agency. If such amendments are reasonably appropriate and adequate to carry out such purposes, they shall be approved by the Director and due notice of such approval shall be given to the State agency. The Director shall, to the extent feasible, take final action on all amendments within 60 days of the date of their submission.

"(2) The amendments submitted by the State agency shall describe the nature of the contracts into which it intends to enter for the purposes of this subsection. Such contracts shall provide for compensation to private employment services on the basis of the success of such service in obtaining employment for unemployed individuals. Such compensation shall not exceed an amount equal to of the lesser of—

"(A) that employment service's normal placement charge, or

"(B) a rate of one percent per thousand dollars of the first year's earnings of the individual so placed in employment, not to exceed 25 percent.

"(3) An employment service shall be entitled to full payment of the compensation computed under paragraph (2) only if the individual for whom such service has secured a job remains in the employ of the employer to whom the individual was referred for at least 100 calendar days. If an eligible individual leaves such employ after less than 100 calendar days, the private employment service shall be entitled to an amount equal to one percent of such compensation for each day the individual remained on the job.

"(4) No payment made in accordance with a contract which complies with the requirements of this section shall be deemed to violate section 211 of title 18, United States Code.

"(5) Such placements as shall be made by private employment service under this subsection may be statistically credited, for employment purposes, to the State agency.

"(6) A State may use funds properly available to it for obtaining jobs for individuals who receive government benefits or assistance to secure the assistance of private employment services for such purpose.

"(7) For the purpose of this subsection—

"(A) the term 'private employment service' means any person or entity regularly undertaking for compensation to procure employees for an employer or to procure for employees opportunities to work for an employer and includes an agent of such person or entity, but shall not include any agency or service of the United States, any State, or political subdivision thereof; and

"(B) the term 'State' includes the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands, American Samoa, the Northern Mariana Islands, and the Trust Territory of the Pacific Islands."

### EFFECTIVE DATE

SEC. 4. The provisions of this Act shall take effect 30 days after the date of its enactment.

[Reader's Digest Reprint, October 1964]

## THE GREAT MANPOWER GRAB

### ALMOST UNNOTICED, THE U.S. EMPLOYMENT SERVICE IS UNDERMINING ONE OF OUR BASIC FREEDOMS—THE RIGHT TO CHOOSE ONE'S LIFE WORK

(By Frank T. Bow, U.S. Representative from Ohio)

While[1] the Johnson Administration wages an alleged "unconditional war on poverty" the federal agency chosen to fight in the front line of that war is brazenly using it to advance one of the most ambitious power grabs in U.S. history. If it succeeds, every working man and woman in America will one day be forced to seek work through government employment offices.

The agency is the U.S. Employment Service, a division of the Labor Department's ubiquitous Bureau of Employment Security (BES). In the war on poverty, USES machinery will be charged with "mobilizing the troops"—the hard-core unemployed, the young people of Sargent Shriver's Youth Job Corps, the Home Town Work Training force, and other make-work battalions. Already USES experts iron-fist financial control over some 1900 state employment offices. Now it is extending its hand into high-school counseling, college placement, company personnel offices, union hiring halls, and even into private industry's executive suites.

USES is doing all this—and more—under the guise of "helping the unemployed." But it makes no bones about its ultimate goal. That goal, according to USES Director Louis Levine, is to build the Employment Service into "the manpower agency" for the nation, through which all job hiring would be funneled.

*Neither needed nor wanted.* Originally established as a World War I labor-mobilization agency, USES remained a feeble, almost forgotten arm of government with a lowly $1 million annual budget until the Wagner-Peyser Act gave it power to flex its muscles. That was in 1933, in the depth of the Depression, and Congress clearly intended that the nation's unemployed, which then numbered nearly 13 million, be USES' prime concern.

Today, USES' budget is around 200 million dollars—double what it was in fiscal 1959. In addition, it received the lion's share of the 47 million dollars the Labor Department got for the Manpower Development and Training Act retraining program in fiscal 1964 and says it will have to have another 75 million dollars via MDTA funds in fiscal 1965 to complete the job. On top of that, untold millions more will be earmarked for USES' role in the war on poverty.

Despite these skyrocketing expenditures, there is mounting evidence to support the charge that the USES has "turned its back on the unemployed." Instead of concentrating on helping our jobless, the agency is expanding more and more into fields where it is neither needed nor wanted. If this is permitted to continue it can only result in absolute control of American manpower and its allocation. The surrender of our free enterprise system will be complete.

The way for this total control has already been prepared in enabling legislation now before the Congress. The measure would empower the Secretary of Labor to hand-pick a special committee to draft new laws that would make all job-placement activities "exclusively a public service." In short, a federal closed shop would be clamped tightly on the whole nation.

Here is just what this will mean to citizens. If you are a high-school or college student, you will have to accept the guidance of a government employee or risk being numbered among the forgotten unemployed. If you wish to change jobs and thereby better yourself, you will have to win the approval of a government clerk before you can be referred to a new position. If you are an employer, you will have to accept whoever is sent to you to fill a job or you will risk getting on the government's black list.

If you know what is going on in the federal government today, you can add one more dimension. Federal employment is based too largely on political reliability. If USES becomes the community manpower center, as it has stated, you may very well need the okay of the political party in power before you can get a chance at the better jobs.

*Growing ever stronger.* USES, however, is not waiting for new legislation. Growing ever stronger with liberal transfusions of tax money, it is picking up telling yardage in its sweeping end run around the battered line of our free enterprise system. Almost unnoticed, it has scored an impressive series of first downs on five important fronts:

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[1] Rep. Frank T. Bow (R., Ohio) is a ranking member of the House Appropriations Committee.

(1) Seniors in over 10,000 high schools—about half of all high schools in the country—are being tested and counseled by the federal-state Employment Service. USES promises to extend this activity to all high schools. Aptitude tests and counseling services are given to thousands of students despite the fact that some psychologists seriously question the qualifications of Employment Service personnel to operate in this delicate area. Many of these testers and counselors do not have a college degree, let alone specialized training in psychology that would fit them to guide young people into life careers.

The ineptitude of USES testers is pointed up by the experience of Marcellus S. Merrill, president of the Merrill Engineering Laboratories in Denver. An electrical engineer, he numbers among his many inventions an electronic wheel-balancing device for automobiles, and precision gyroscopes for space satellites.

Out of scientific curiosity, Merrill dropped by an employment office in Denver and took a 2½-hour aptitude test.

"They told me I might make a teacher, but only in the junior grades of a rural school," Merrill reported. "They also thought I might do as a file clerk or a male nurse or possibly even a testing clerk. But they said I could never hope to make the grade as an electrician or an engineer."

It is impossible to calculate how many young people—potential doctors, lawyers, scientists—have been steered into wrong careers by such tests.

(2) USES is out to handle the job placement of every college student in the country.

Thus far, USES boasts that nearly 300 institutions of higher learning have accepted Employment Service conunselors and guidance. The bait is the money the institutions can save on their own placement operations by letting government employees do the job.

However, the USES campus campaign has run into formidable opposition. Some 200 college and university presidents wrote the College Placement Council denouncing the USES blitz. Many of the Council's 1800 affiliates in industry joined them. In September 1963 Congressman Robert Taft, Jr., of Ohio introduced a bill to bar USES from the nation's compuses. Alarmed, the Labor Department suddenly beat a tactical retreat, agreed to halt its promotional activities among colleges and piously swore it intended "only to supplement college placement facilities, not to supplant them."

Nonetheless, Dr. Eric A. Walker, president of Penn State, feels that in the end the $50,000 to $100,000 a year that many colleges spend on their own placement offices will tip the scales in favor of USES. "I suspect," he says, "that it is on this basis that the government scheme will win out."

(3) USES is signing more and more companies to "exclusive agreements" under which they pledge to do all their hiring through the Employment Service.

Under these pacts, firms agree to adopt a technique known as "closing the gate." In Georgia, California, Ohio and a score of other states, job seekers are confronted with signs at plant and store entrances telling them they must file applications through the state offices. In effect, this gives the government closed-shop control over company hiring policies.

(4) Labor unions have turned over their own hiring halls to the USES' state subsidiaries. They are concentrating their efforts on a campaign to force companies to get on the USES bandwagon.

Walter Reuther, president of the United Auto Workers, speaking for the AFL-CIO, has gone so far as to suggest a form of fiscal pressure to whip recalcitrant employers into line. He has called for a law "to require employers, as a condition for obtaining reduced unemployment compensation rates, to list with the public Employment Service all job vacancies." Meanwhile, Reuther is calling for a Presidential executive order requiring all government contractors to hire through USES.

(5) Instead of devoting all its effort to placing America's four million unemployed, USES is now finding new jobs for more than a quarter million professional and managerial personnel each year.

More and more, USES is concentrating on placing people whose talents and skills are in high demand—engineers, scientists, schoolteachers, nurses and even high salaried executives. USES placements in this field have nearly tripled in the last decade and zoomed an impressive 50 percent since 1960.

Newspaper advertisements are widely used to hook professional applicants. Typical is an ad placed by the Ohio State Employment Service in the Cleveland Plain Dealer. It was topped by announcement of an opening for an open-hearth superintendent to work in Argentina at $23,754 per year. Beneath this was another for a mechanical engineer at $15,000. And under that was a third for a job analyst in Tanganyika at $14,000.

To further entice easily placed executives and scientists, USES has outfitted 160 new offices in its "professional Office Network." In 52 of the largest cities employment offices are located separately from the Unemployment Compensation Service facilities. Many of these offices are outfitted with expensive draperies, tasteful furnishings and attractive receptionists.

Curious as to how efficient this network actually is, a young journalist friend of mine stopped by the professional office in Pittsburgh and inquired about openings for writers in California. He later gave me a complete account of what happened.

"The receptionist promptly ushered me into a large room with a dozen desks, all except one of them emptied by the lunch-hour exodus," he reported. "The lone 'counselor' was a breezy, brush-cut young man with an athletic build. When I told him what I was interested in he searched a three-week-old catalogue of openings from the California State Employment Service. The only thing listed for a writer was in the technical field—and it specified female. I was out on both counts.

"There followed one of the weirdest 'interviews' I ever had. For 40 minutes I was treated to a lecture on the horrible job situation in Pittsburgh, the "brutal facts" of economic life generally, and the outstanding ability of my counselor to place technical people despite the fact he had "never had a day of college" or any formal training in personnel work. He never asked whether I was employed or unemployed, nor did he pose one single question about my qualifications or background. He never troubled to ask my name or where he might get in touch with me if a job turned up!"

Conform or else. In many state offices, USES and the Unemployment Compensation Service, both of which come under the Bureau of Employment Security, share the same offices and personnel. And BES' total staff rose from 46,000 to nearly 60,000 in the last ten years, with more than half of the increased staff added since 1960.

Except for special funds for MDTA, Area Redevelopment Administration, and the war-on-poverty programs, BES funds come from the unemployment taxes paid entirely by employers. But in order to stay in business, employers are forced to pass this tax along to consumers in the form of higher prices. Thus everyone pays. And the bill is astronomical. In fiscal 1965 BES will gobble up more than $455 million over and above the estimated $3 billion the states will haul in for unemployment-compensation payments.

USES officials in Washington claim that the Employment Service is really a decentralized federal-state system. "The heart of that system" the agency contended in a fact sheet issued in 1963, "is found in the 1900 local offices operated and administered by the states."

This is a deliberate distortion. First of all, every dollar the states collect for their Employment Service operation is channeled through the federal government. Second, each state must have its Employment Service budget approved by the U.S. Labor Department. And finally, to get this approval, the states must conform completely with the policies concocted by the federal bureaucracy.

Any lingering thoughts that USES control over the state agencies is something less than absolute were buried forever in July 1963. Wielding a financial nightstick, the Labor Department clubbed down a bill in the Pennsylvania legislature that would have limited state employment offices to helping only the unemployed and under-employed.

The bill had already sailed through the state senate when the Labor Department moved in. It informed Pennsylvania officials that the legislation raised "serious conformity questions" that could jeopardize federal funds. There was also the implicit threat that Washington might call its long-standing $192-million loan to the Pennsylvania unemployment-compensation fund. Faced with the state's possible bankruptcy, Gov. William W. Scranton discreetly let the bill die in the lower house.

Padded Figures. One state administrator, however has courageously stood up to USES' ambitious bureaucrats. Willard P. Dudley, director of the Ohio Bureau of Unemployment Compensation, discovered last October that placement figures at the Cleveland employment office were padded. Because of pressure from Washington to increase placements, as many as half of all placements claimed by the office were fraudulent.

Dudley said USES officials deplored releasing the results of his investigation because the agency's appropriation was pending before the Congress.

Padding the figures is, however, apparently nothing new with USES. In Akron, Ohio, 140 placements claimed turned out to be jobs an Employment Service supervisor assigned to his three sons, one of whom was simultaneously drawing unemployment compensation. Ward A. Riley, former Employment Service chief in Cleveland, shrugs off the hiking of placement figures as old stuff.

"You'll find that in every employment office in the country," says Riley. "They do it in Chicago, Pittsburgh, and Podunk. I don't care where it is. It applies not just to Cleveland, but from Maine to California. It's been the pattern everywhere since the 1930's."

There is more involved in the practice than the natural desire of clerks to justify their jobs. The bogus statistics make it appear as though USES is doing such a fine job that it deserves public support for its expansion. Furthermore, the employment offices work under a quota system imposed on them by the USES hierarchy, and the phony figures help to fill the quota. Under this quota system—which USES officials deny exists but which the manager in Cleveland affirms—local offices are required to register, counsel, test and place a specified number of applicants each month.

*Fast action.* To all criticism of USES, the bureaucrats have a stock answer: it is "inspired" by fee-charging employment agencies through their National Employment Association. Undoubtedly, private agencies have a deep stake in preventing further USES expansion. NEA *has* supplied Congress with a good deal of information on the Employment Service's empire building. But the most damaging information about the agency's goal is gratuitously provided by USES officials themselves and their supporters.

This summer USES trotted out a platoon of academic "experts" to pave the way for an even bigger expansionist push with hearings before a House labor subcommittee. In monotonous chorus many contended that the only thing wrong with USES is that it still does not have enough power and that employers should be made to register all job openings with the government. Several have held up Sweden's Socialist manpower monopoly as the shining example America should emulate.

The director of the Colorado State Employment Service, Bernard Teets, has openly boasted: "In five years, if we are not hampered by new restrictions, and if we can get adequate funds from Congress, we'll be handling 90 percent of the business. We are not living in a free-enterprise system, but rather operating under a controlled economy."

If the American people hope to halt the USES drive toward this kind of regimentation, they will have to act fast and forcefully. Under pressures of the "war on poverty," Congress is being cowed into approving ever-increasing appropriations for USES expansion. But there are four steps an aroused citizenry can take to block the government's mammoth manpower grab:

(1) Insist that your Congressmen and Senators vote down funds that fuel USES expansion.

(2) Demand that Congress force the Bureau of Employment Security to live within its budget. No fewer than five times since 1954, BES has gone back to Congress for supplemental appropriations totaling $133,305,000.

(3) Request your state legislators to pass laws limiting state employment offices to finding jobs for unemployed or partly employed people.

(4) Ask that the federal government find new ways to make USES more efficient and effective in carrying out its legitimate task of getting our unemployed back to work.

Unless you take these steps *now,* you may well find that your most basic freedom—the right to decide your own life career for yourself—will soon be the real battlefield victim of the war on poverty.

## MICHIGAN PRIVATE PLACEMENT PROJECT
## PEA 1115A

Operated by: The Department of Social Services

Authorized under: 42 USCA 1315 and
MCLA 400.10

This demonstration project was to test the cost effectiveness of utilizing private employment agencies in placing aid to families with dependent children (AFDC) clients on a $204,000 grant from HEW.

Period: January, 1977 to April, 1977

As in each such case, public employees were not overjoyed with the prospect of being compared by the private sector. A part of the contract of each private employment service signed was a "gag rule" to stop them from making any information public about the plan.

The welfare people at first did not think the private agencies could place their AFDC recipients. When they saw it could work, the supply of applicants had dried up. Those applicants who were sent were advised not to take a job unless it paid a certain amount, since their benefits amounted to more than that. Others had no transportation and were referred to private agencies a great distance from their homes.

By March 11th, one private Employment Service had only been sent 47 people. Eight of these never showed up and seven had no transportation. Of the thirty that came to the office, eleven were refused based on unwillingness to accept job assignments, dress, etc. Of the nineteen remaining, six had been placed. Two of these refused to go to work on the jobs they were placed on. Two applicants already had jobs but were still collecting AFDC. Others told employers they didn't know why they had been sent since they didn't want to go to work. To date we have not received any figures from the state as to the effectiveness of the program. But we are sure these figures exist somewhere showing in detail, that in the opinion of the department personnel free enterprise could not do the job. We got an inkling of this when the head of the program said for statistical purposes they would count everyone referred to a private employment agency whether or not they showed up, or whether or not they were willing to go on an interview. Additionally, we were refused permission to sit in on the orientation given to the W.I.N. project people who were to refer the ADFC claimants to us.

There is no doubt in our minds, even from the limited statistics we have, that this program was highly successful and saved the state of Michigan a great deal of money. However, as had been the case with each one of this type of project or test, an attempt has been made to use these figures to show that such activities on the part of free enterprise were not cost effective.

## PENNSYLVANIA EMPLOYABLES PROGRAM

Act 202 - Section 405.1

July 1976

This Act called for Public Assistance applicants, as an eligibility requirement, to register with private employment agencies who would be reimbursed on a contingency basis for placing them and who would be required to report to the State any such applicants who refused to take work so that those individuals could be removed from the rolls.

A demonstration project was implemented in a few selected areas by the Pennsylvania Department of Public Welfare in October, 1979.

It is no secret that the welfare department was not over-receptive at the prospect called for by this law.

You will note the law was passed in July, 1976 and was not implemented until October, 1979. This coming after the welfare department had been told they would be violating the law if they did not proceed. A letter inviting the private Employment Services was dated October 12, and not received by some Employment Services until the 15th or 16th , and it called for a response from them within 10 days from the date of the letter. Additionally, in an attempt to sandbag the test, the state's contract offered to the private employment services called for a $75 registration fee and a 10% placement fee, neither of which was desired or requested by the private sector.

This sad litany could be extended but these examples serve the purpose. Although the law clearly calls for a one year test, the progam was suspended in May, 1980.

Despite a more than three year lag on legislation to implementation and a short six months initial shakedown test period, this program has been an outstanding success, saving the state millions of dollars in cash assistance payments (unemployment compensation, welfare, etc).

In addition, these working individuals are now taxpayers and job creators through their increased purchasing power. Additionally, they are no longer causing the state and federal governments to expend manpower and money on them over and above the actual cash assistance they were formerly receiving.

A small segment of the private sector of the Employment Service Profession has done an outstanding job of putting these unemployed individuals back to work. They could have done an even better job had more of them been given the opportunity to help and had they been given more individuals to place. They only saw 900 individuals out of a total of 14,794 which were processed by the welfare people for this program but not sent on to the private sector. This was a miserly 6% of these people, however, they placed 88 people out of the 900 or approximately 10% of them. For this they were paid approximately $62,000 which, in turn, they used to pay salaries, rent, telephone, taxes, etc. The state saved in excess of $176,000 in cash assistance payments which is a return on investment of 184%.

However, this ROI could even be doubled or tripled depending on the number of people taken from the rolls because they refused to go on interviews or accept jobs. The state claims that for every two persons placed at least one was sanctioned (removed). That would be a minimum for the private sector of 29 persons (annualized savings $58,000). However, the state counted all such removals to its own credit (752 out of 2271 total placements) even though the private sector was responsible for a high percentage of those removals.

The legislature had authorized over $600,000 to pay the private sector. To date approximately $60,000 or 10% has been used due to the late start, the lack of applicants being referred and the small number of Employment Services being utilized.

The state, in an attempt to discredit the test, claims to have placed 1,251 individuals out of 12,587 that they saw or approximately 10% and suggests that their cost of placement may be lower. Whether or not we accept their numbers (placements or cost) is not the question. The plain fact is that all of the millions of unemployed and able to work welfare recipients that any placement source that can give the state and/or the federal government a 200+% return on its investment cannot be overlooked. The private sector of the Employment Service Profession must be utilized in the battle against demeaning and demoralizing unemployment.

## CALIFORNIA PROJECT

### "Private Employment Agency Project II"

Conducted by: State of California
Employment Development Department
Health and Welfare Agency

Under grant from: U.S. Office of Economic Opportunity Grant #CG9831 A/1

To test the feasibility of using private agencies as a supplemental resource to place the disadvantaged which were welfare mothers and unemployment insurance claimants.

The results were dramatic. 104 Employment Services saw 1,138 applicants, sent them on 1,620 interviews for actual jobs, placed 29% of them in two months.

Of the 311 placed, 184 lasted 90 days or more and 127 lasted 180 days or more.

The savings far outweighed the contingency charges made by the private sector which averaged $313 for U.I. claimants and $214 for welfare mothers.

At that time the average A.F.D.C. - F.G. payments were $231 per month and the average U.I. benefits were $285 per month.

The gross savings in these payments were in excess of $328,000 while the cost was only $78,000 paid out to the private sector. This gave a net savings of $250,000 or a return of $3 for every $1 invested.

EMPLOYMENT SERVICES BOARD SURVEY: Employer Attitudes Toward Employment Development Department (EDD)

State of California, 1975
Health and Welfare Agency
Department of Human Resources

Questionnaires mailed to 21,000 employers randomly selected from Unemployment Insurance tax records. Response rate: approx. 50%

Questionnaire designed by Employment Services Board, and pretested on 150 employers. (See Executive Summary, attached)

Comments on state placement system by employers, page 12 (Excerpt):

> Large employers who evidenced an unfavorable stand toward EDD placement services tended to divide their basis of criticism between the screening skills of EDD staff, and the characteristics of the applicants who report to them. Employers who were critical of screening skills recommended that interviewers consider more than applicant skills in their selection. They suggest that personal characteristics be taken into account. They sometimes attributed their lack of screening to a goal of moving people off Unemployment Insurance or Welfare Benefit rolls. The most typical response (64% of the unfavorable employers who wrote comments) stated, in effect, that the service itself was somewhat unsatisfactory, but limited in its effectiveness to provide qualified and motivated applicants who were willing or able to comply with employers' expectations.
>
> Some employers criticized the EDD placements system as a factor which hindered its effectiveness.
>
> Some of the comments of major market employers who rated EDD's effectiveness as unsatisfactory were as follows:
>
> "It seems to be a people mill, with little or no counseling on the Department's part, so that applicants end up just looking for a job, not a position or a career. Companies don't want to merely fill a vacancy, but want long term contributors. More appreciation for the employers' needs rather than the Department's needs to move people out of employment lines is needed."
>
> "I do not wish to sound as though I am making a blanket condemnation of the Department's services. There have been isolated individuals who have been helpful and appeared to be seriously interested in being of assistance. The majority appear to be normal Civil Servants who are putting in their time on the Roman Dole and prefer not to be bothered. Therefore the majority of my recruiting of personnel has to be newspaper ads, private agencies and other media."
>
> "If the Department was more effective we could eliminate agencies. Somehow the Department has to reach prospective applicants and take advantage of the fact that they have the same opportunity to place an individual as an agency, but yet the Department cannot fulfill our requirements and agencies can."
>
> "EDD is concerned with 'processing' applicants and not in filling job orders. The size of the local office has increased to the point where bureaucratic confusion renders them ineffective. It's too bad because they could and should be a primary source of referrals."
>
> "The present system eliminates the personal contract we once enjoyed when placement personnel had a good understanding of job requirements and the qualifications we required of an applicant. The new system provides us with lots of people to talk to but who become disappointed or discouraged because they are not qualified or qualifiable, and very costly to an employer, considering time involved in interviewing and screening."

State of California pf Health and Welfare Agency

# Memorandum

To : Joseph Barsoum #55

Date : March 28, 1975

File No.: 57:19:bc

From : Department of Human Resources Development
Acting Chief, Employment Data and Research Division

Subject: EMPLOYMENT SERVICES BOARD SURVEY

Attached is our analysis of the Employment Services Board survey of employer attitudes regarding the Employment Development Department. You will be pleased to know that almost half of the employers responded to the questionnaire and many of these took the time to elaborate their views in the comments section. We have analyzed both the responses to the individual questions and the write-in comments. You will find that the survey has obtained a good picture of EDD's image in the employer community.

The success of the ESB survey has depended on a great number of people in the Employment Services Board, in the Employment Development Department, and in the employer community. To single out any one of them for thanks would be an injustice to the many others without whose cooperation this project would not have been possible.

We are confident that the results of this survey will be of value in improving the department's services and effectiveness. We appreciate the opportunity to have participated in this very interesting project and hope to be of service to your future efforts.

Charles Galoff
CHARLES GALOFF

Attach

cc J. Wyhlidko #89

## I. EXECUTIVE SUMMARY

The purpose of the survey was to determine the attitudes of employers about the employment services of the Employment Development Department. Questionnaires were mailed to 21,000 employers randomly selected from Unemployment Insurance tax records. The response rate was close to 50 percent. The questionnaire was designed by the Employment Services Board and pretested on 150 employers.

The responses to the survey indicate that the Employment Development Department (EDD) does not have a favorable image with the employer community.

For many employers, EDD has an image that is dominated by negative feelings toward the Unemployment Insurance program, toward the quality of EDD applicants, and toward the burdens of government bureaucracy in general. These negative feelings are more intense with the small employers who often feel that they are paying for a service which they do not need or cannot use. The large employers responded more favorable, but even the favorable comments were often qualified. Among the employers who do use EDD services, the major concerns seem to be the quality of applicants and the adequacy of screening. EDD seems to have an image that its applicants are less qualified and less motivated to work than applicants from other sources.

The remainder of this report is divided into two sections and an Appendix. Section II is the Analysis of Questions; it summarizes and highlights the quantitative analysis of the fourteen multiple choice questions in the ESB survey. The complete quantitative information is presented in a series of tables in the Appendix. Section III is the Preliminary Analysis of Employer Comments; it presents a qualitative analysis of the comments section of the ESB questionnaire.

## II. ANALYSIS OF QUESTIONS

This section highlights the significant quantitative results from the ESS questions. The responses from employers were key punched and tables were prepared by the computer. The narrative description corresponds to the tables in the Appendix. The reported numbers do not always add to the totals because some employers gave more than one answer to some questions and no answer to other questions.

### Employer Sample

A sample of 21,000 employers was randomly selected from a universe of 347,023 UI covered employer reporting units. Approximately 94% of the employers in the sample had less than 50 employees and 6% had 50 or more employees. The large employers, although they only represent 6% of the survey, represent over 60% of the employment. The sample was selected not to represent employment or employment potential, but rather to represent individual employers. Therefore, the large firm with many thousands of employees and hundreds of hiring authorities was given the same weight as the small "Mom and Pop" establishment that does very little hiring. This sampling method provided the best cross-section of all employers in California obtainable through EDD records.

### Employer Responses by Industry and by SMSA

An analysis of the employers who responded to the survey questionnaire shows that the majority were in service industries or wholesale and retail trade. There are wide variations among the Standard Metropolitan Statistical Areas. The largest SMSA is Los Angeles County. Second in size is the San Francisco-Oakland area. The employment composition of these areas is primarily industrial, with the principal industry being manufacturing. Yet these were not the employers who responded to the survey questionnaire. In Los Angeles, for example, the majority of employers who responded were in service industries with those in trade a fairly close second; only 75 of those engaged in manufacturing answered the questionnaire.

Representative of the middle size SMSAs in the state are San Bernardino-Riverside-Ontario, Oxnard-Simi Valley-Ventura, San Diego, and San Jose. The major industries in these areas are concentrated in aerospace with government, trade, and service employment playing a major role. It is interesting to note, however, that the employers who responded to the questionnaire were engaged primarily in trade and in service industries.

The remainder of the SMSAs combine industries which are akin to agriculture such as in Stockton, Modesto, Salinas, Santa Barbara, Santa Rosa, and Fresno with the more usual components of an industrial area. In Sacramento the most important industry is government. Yet as in other SMSAs, the majority of employers who responded to the questionnaire were engaged in service industries and in trade.

## Community Advisory Committees

In the responses concerned with employer knowledge of their local Community Advisory Committees, 8,414 employers answered the question. Of those answering, 5,400 had no knowledge of the committee; 1,542 had heard of it but were ignorant of its activities; and 1,472 knew of its activities. The largest number of those who were aware of the Community Advisory

Committee's activities occurred in the Los Angeles-Long Beach, the San Francisco-Oakland, the Stockton, and the San Diego areas. Among those who had no knowledge of the Community Advisory Committees, the greatest number were in the Oxnard-Simi Valley-Ventura area followed by the San Francisco-Oakland, Sacramento, and San Jose areas. There was little correlation between the size of the area and employer knowledge of the activities of Community Advisory Committees.

## Contacts by the Department's Field Offices

The majority of employers who responded to the questionnaire were never contacted by an EDD field office either by mail, telephone, or personal visit. If they were contacted by a field office, telephone and mail were the most frequent ways. The areas in which occasional contact was noted were primarily Santa Barbara, Stockton, San Diego, Modesto, Santa Rosa, and San Jose. The highest number of frequent contacts was in Santa Barbara with Modesto and the San Francisco-Oakland area not far behind.

## Purpose of Contacts

The purposes of the field office contacts with employers were interesting. Statewide, 1,285 contacts were to solicit job openings and 1,210 contacts were to provide information concerning the UI or DI programs. Forty percent (40%) of the employers reported no contacts with any EDD field office in the last 12 months; an additional 27% did not answer the question. The greatest number of those contacted to solicit job openings occurred in the Los Angeles-Long Beach area and in Modesto. The largest number of those having no contact with EDD staff occurred in the Sacramento, San Francisco-Oakland, Oxnard-Simi Valley-Ventura, and Los Angeles-Long Beach areas.

## Results of Contacts

Most employers felt that the results of field office contacts with them were positive. On a statewide basis, 766 of the employers felt the contact promoted understanding, 710 placed a job order, and 843 felt that the services of the Department were of no value to their firms. Santa Barbara ranked the highest in acquiring job orders followed by Modesto and San Jose. The employers who felt that the services offered by the Department were of no value to their firms were heaviest in the Los Angeles-Long Beach area followed by the Vallejo-Fairfield-Napa, Modesto, Fresno, and San Francisco-Oakland areas.

## Reasons for Increasing or Decreasing Use of EDD

Tables VI and VII in the Appendix compare the reasons for increasing the use of EDD services with the reasons for stopping the use of EDD services. Of the employers who responded, 1,458 had recently increased their use of EDD services. Eighty-five percent (85%) of the employers did not answer this question. Of those who did, 218 attributed the increase to visits by EDD employer representatives; 165 to receiving brochures; 91 to promotional telephone calls; and 92 to recommendations by business associates.

A large number (2,030) of employers had stopped using the services of the Department. By far the most prevalent reason was the poor quality of referred applicants (793). Other reasons were that the Department did not fill orders (260) or that the service was very slow (115). Eighty percent (80%) of employers did not respond to this question.

## Services Used in Last Twelve Months

More than 5,700 employers used none of our services in the last 12 months. Approximately 1,200 employers used the placement services of the Department; 655 received assistance on UI or DI claims; and 260 received labor market information.

## Categories of Job Openings

The largest number of employers in the survey who listed any job openings with EDD listed openings for office and clerical staff (578). Job openings for those in service occupations (412) and for production workers (348) were the second and third most frequent categories listed with EDD. Fewer openings in sales work or in professional, technical, and managerial occupations were listed with EDD. Only 16% of the employers listed any job openings at all with EDD in the last 12 months. Responses concerning the percent of job openings listed with EDD appeared to be unreliable, therefore they were not tabulated.

## Quality of Applicants

An important question in the survey concerns employer reaction to the quality of applicants referred by the field offices during the last 12 months. About 1,300 of the employers had applicants referred. Of those only 88 employers felt that the quality of the applicants was excellent, with the largest number of those in Santa Barbara and Modesto. A total of 736 employers felt the applicants were satisfactory. The employers responding in this fashion were pretty evenly scattered throughout the metropolitan areas of the state, except for Bakersfield where only five employers checked the applicants as satisfactory. A large number of employers (487) felt that the quality of the applicants was unacceptable.

### Hiring Sources

According to the responses, only 4,496 of the employers (50%) indicated that they hired employees during the last twelve months. Of those who did hire, 1,503 used the news media as a source; 960 used the services of private employment agencies, and 847 used EDD field offices. An estimated 1,469 checked "other" as a source of hires during the year. The "others" were usually friends or relatives of those already working for the employer or walk-in applicants.

### Rating of EDD's Effectiveness

Only forty percent (40%) of the responding employers rated EDD's effectiveness in aiding their recruiting efforts. The largest number of employers rated EDD effectiveness as of no value to them (1,385). More than three times the number of employers rated EDD effectiveness as good or satisfactory (1,110) as did those who rated EDD effectiveness as unsatisfactory (327).

## III. PRELIMINARY ANALYSIS OF EMPLOYER COMMENTS

Approximately one fifth of the employers who responded to the Employment Services Board questionnaire made comments. These comments proved to be an important part of the information contained in the responses, therefore a special analysis of the comments was undertaken. This section describes and analyzes the comments from 1252 employers. Approximately 7% of the comments are directly quoted in order to provide a representative picture of the responses. Experience indicates that it is usually those employers who have stronger than average feelings who go to the trouble to write in their comments.

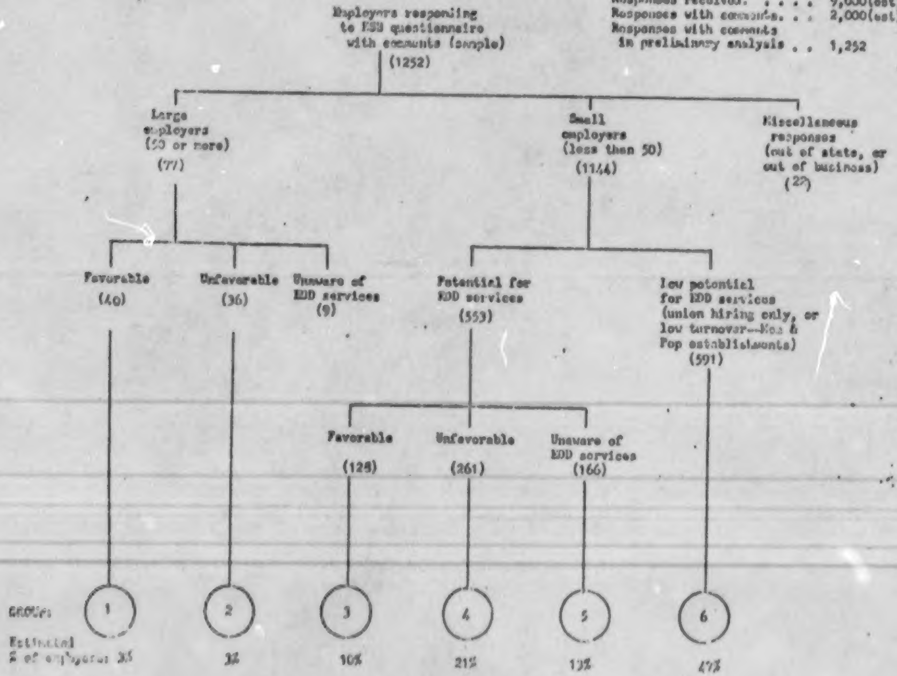
The sample of employers who wrote comments in reply to the ESB survey were divided into the following six (6) categories (see Chart A):

1. Major market employers (more than 50 employees) who evidenced a favorable image of EDD placement services. ( 3%)
2. Major market employers who evidenced an unfavorable image of EDD placement services. ( 3%)
3. Minor market employers (50 or less employees) who evidenced a favorable image of EDD placement services. (10%)
4. Minor market employers who evidenced an unfavorable image of EDD placement services. (21%)
5. Minor market employers who were unaware of, or did not feel they could rate EDD placement services. (13%)
6. Minor market employers who had low potential for utilizing EDD services. (47%)

## Chart A

## PRELIMINARY ANALYSIS OF ESB QUESTIONNAIRE COMMENTS

Questionnaires mailed. . . . 21,000
Responses received. . . . . 9,000(est)
Responses with comments. . . 2,000(est)
Responses with comments
in preliminary analysis . . 1,252


Employers responding to ESB questionnaire with comments (sample)
(1252)
Large employers (50 or more)
(77)
Small employers (less than 50)
(1144)
Miscellaneous responses (out of state, or out of business)
(22)
Favorable
(40)
Unfavorable
(36)
Unaware of EDD services
(9)
Potential for EDD services
(555)
Low potential for EDD services (union hiring only, or low turnover--Mom & Pop establishments)
(591)
Favorable
(128)
Unfavorable
(261)
Unaware of EDD services
(166)
GROUP:
1
2
3
4
5
6
Estimated % of employers: 3%
3%
10%
21%
13%
47%

## Favorable Major Market Employers (N= )

Approximately one half (17) of the large employers evidenced an unqualified favorable stance toward EDD placement services. They indicated that the service was good because it had improved over the past few years or because there were particularly pleased with their relationships with ESR's and field office staff.

However, the remaining half of the major market employers suggested that they had a basically favorable image of EDD's placement service, but qualified their stance. They suggested a sense of understanding or sympathy with EDD's circumstances and that the effectiveness of the service varied depending upon the interviewer, the office, and the level of applicant skills requested. Other employers indicated that EDD was effective in responding quickly but that the employer could get better applicants (more motivated and less critical of salaries offered) through newspapers and other resources. It should also be noted that a few favorable employers expressed a positive image of EDD, but preferred to maintain their independence and self-reliance in recruiting personnel.

Some comments from major market employers who rated the Department's effectiveness as good or satisfactory were as follows:

> I would like to comment on extremely cooperative attitude of all department personnel with whom I've been in contact. In many phone conversations over the past nine months, not once have I encountered rudeness or lack of response. In these times of high unemployment, that is particularly laudable, and I compliment all of you!

> In relation to questions 12 and 14, service was very satisfactory for general labor positions. However, for clerical, skilled labor, professional, and managerial positions the service was poor. Screening was haphazard

at best, referrals were few for mo[illegible] positions, and, despite specific requests to the contrary, applicants were often referred without an appointment.

Prior to 1974 applicants referred did not meet requirements of job order. Situation improved since.

On Question #12, answer would depend on EDD interviewer--some are less skilled than others in referring good candidates. General quality would be somewhat less than satisfactory.

I have been in contact with State employment services across the United States with little or no respect for them. Upon being transferred to Gilroy, I was hesitant to use the local office. However, I was amazed at the efficiency, high quality of applicants in relationship to the job at hand, the thorough amount of training that the office administered in some cases--etc. I was totally pleased with the local office and I will continue to utilize their services.

I realize that staffing is a problem but many times the referrals do not meet our appearance standards/or have a poor work history or attitude problem--it appears that the applicant is only "looking" to maintain his UI eligibility. Overall the referrals are satisfactory with regard to qualifications.

The department is becoming more courteous. The applicants are getting better. There appears to be little in the way of professional and technically trained applicants. I have had no contact about OJT training from EDD. Vocational Rehabilitation has made many contacts. Service has generally improved during the last five years.

### Unfavorable Major Market Employers (N=37)

Large employers who evidenced an unfavorable stand toward EDD placement services tended to divide their basis of criticism between the screening skills of EDD staff, and the characteristics of the applicants who report to them. Employers who were critical of screening skills recommended that interviewers consider more than applicant skills in their selection. They suggest that personal characteristics be taken into account. They sometimes attributed their lack of screening to a goal of moving people off Unemployment Insurance or Welfare Benefit rolls. The most typical response (64% of the unfavorable employers who wrote comments) stated, in effect, that the service itself was somewhat satisfactory, but limited in its effectiveness to provide qualified and motivated applicants who were willing or able to comply with employers expectations.

Some employers criticized the EDD placement system as a factor which hindered its effectiveness.

Some of the comments of major market employers who rated EDD's effectiveness as unsatisfactory were as follows:

> It seems to be a people mill, with little or no counseling on the Department's part so that applicants end up just looking for a job, not a position or career. Companies really don't want to merely fill a vacancy, but want real long term contributors. More appreciation for the employers needs rather than the Department's needs to move people out of unemployment lines is needed.
>
> I do not wish to sound as though I am making a blanket condemnation of the Department's services. There have been isolated individuals who have been helpful and appeared to be seriously interested in being of assistance. The majority appear to be normal Civil Servants who are putting in their time on the Roman Dole and prefer not to be bothered. Therefore the majority of my recruiting of personnel has to be newspaper ads, private agencies and other media.
>
> If the Department was more effective we could eliminate agencies. Somehow the Department has to reach prospective applicants and take advantage of the fact that they have the same opportunity to place an individual as an agency but yet the Department can not fulfill our requirements and the agencies can.
>
> EDD is concerned with "processing" applicants and not in filling job orders. The size of the local office has increased to the point where bureaucratic confusion renders them ineffective. It's too bad because they could and should be a primary source of referrals.
>
> The present system eliminates the personal contract we once enjoyed when placement personnel had a good understanding of the job requirements and the qualifications we required of an applicant. The new systems provides us with lots of

> people to talk to but who become disappointed or discouraged because they are not qualified or qualifiable and very costly to employer considering time involved in interviewing and screening.
>
> Apparently the department does not get a large supply of qualified applicants who are really seriously interested in a commitment to full employment with all of the burdens and responsibilities that this implies.
>
> The employees of the Employment Development Department were courteous and concerned. The fact that the applicants sent were unacceptable was a situation beyond their control.
>
> (1) Referral service for permanent openings is slow. Referral service for temporary labor is excellent.
> (2) It is somewhat frustrating to list openings with "Job Bank". I prefer the former procedure, listing with the referrer.
> (3) In listing "statewide", I found I was still being sent resumes for two months after I closed the order.

### Favorable Minor Market Employers (N=128)

Small employers who expressed a favorable stance toward EDD placement services fell into three groups.

The first group (comprising 37% of the small favorable employers) made unqualified favorable comments. They indicated that they had tried EDD and were pleased with the service and the results.

The second group (30% of the favorable small employers), made positive statements about EDD, but had not used the placement service. They were pleased with information received or with the way UI and SDI claims were dealt with. They typically made references to the cooperativeness of the staff.

The third group (33% of the small employers who rated EDD's effectiveness in meeting their recruitment needs) qualified their satisfaction. These employers stated, in effect, that the service was good, but the applicants either didn't stay on the job, were unmotivated or unqualified. These employers seemed sympathic to EDD and satisfied with its effort to cooperate, but were not totally satisfied with its results.

Some of the comments from small employers who were basically favorable toward EDD were as follows:

> When we did have a need to call we received very good response.
>
> In past years we tried several times but the applicants were not qualified for our type of work. The Department's efforts were good.
>
> The response of the service is very good, in our particular case our business is pretty well established and therefore our employment is also stabilized, so therefore we didn't have to make any contacts with the service for hiring more employees.
>
> Poor calibre of applicants referred by the California Employment Service. Through the Department. I received courteous attention but the people sent to me would not work. They had rather draw unemployment.
>
> Department representatives have made a sincere effort to obtain qualified people for the job.
>
> Have always used California street office when we have had openings. Service has been good. Department does better job of screening applicants than private agencies.
>
> Your personnel show much more professionalism than when I tried to use your Department 3 to 5 years ago - We interviewed some well qualified people referred by you on the opening placed with your department, this year.
>
> Very good.
>
> We have called local field office at various times for varied questions and have found them to be most cooperative.
>
> Prior to the past three months potential employees have generally been unsatisfactory in appearance, work habits, etc. Since being contacted by...of the Oxnard Office, Job Training Department, the quality of applicants has improved immensely. This is probably due to the time...took thru

an extensive interview to discover our needs. This was never suggested or done in the past.

Keep up the good work and cut down on our unemployment.

Have used services of employment office in past year and service was good. During this year we only needed one girl and tried private agency.

The department is helpful and efficient--it is the caliber of applicants that is the problem and this is not the fault of the department--they send out what they have registered. Hope this helps--this questionnaire is very good.

Unfavorable Minor Market Employers (N=261)

The number of small employers who expressed dissatisfaction with EDD placement services outnumbered those who favored EDD services two to one (compared to a one to one ratio among large employers). This might be an expression of frustration by employers who have a more difficult time recruiting applicants because they are less known, offer less benefits, offer less desirable duties and/or offer less identity status in the community.

The majority of employers in this category (43%) tended to be critical of the quality of applicants who were sent out to them. They too described the applicants as lazy or unmotivated, unqualified, or inappropriate in terms of dress and general demeanor.

Some employers (30%) who expressed dissatisfaction stressed the idea that the system (either the legal-social system or the EDD system) was responsible.

They were critical of the availability of UI and welfare benefits; government and it's bureaucracies; of the perceived focus on minorities rather than qualifications; of antidiscrimination laws which prevent them from hiring who they want to, and of insufficient services (typing tests, etc.).

Other employers (14% of this group) were more critical of EDD's selection skills than they were of the applicants themselves. Their comments reflected an image of carelessness and apathy on the part of EDD staff in referring applicants to them. Others just complained that they received little or no response to their job listings.

Finally, some employers (13%) expressed dissatisfaction with EDD, but were vague in describing the factors which fostered it. Some made references to UI separation issues, some referred to the cost of the service (including this study), and some merely stated that they preferred to do their own recruitment.

Some of the comments made by employers in this category include the following:

> I think UI is paid too often to people who really don't want to work more than a minimum per year to keep on the "Vacation Gravy Train" of unemployment paid by their employers. The statement too often is heard "Go on the rocking chair money--I've got it coming". The program is totally abused with the employer footing the full bill including the costs of this questionnaire.
>
> Man should have an incentive to work. The high unemployment benefits take this away from the unskilled and untrained. As far as unemployment and welfare for the able bodied we should start a movement toward you no work--you no eat!
>
> You want the truth. I am sorry to tell you--people coming direct from any government agency--have never worked out. Only use--my various farming partners--come one or two days then rush back to file Welfare Claims. When we hustle our own employees and do our own talking--it works much better.
>
> The type of help we need (journeyman machinist) just is not available through EDD.
>
> We are a small hotel requiring only one maid. We have used your office over the years and the quality of help referred was extremely poor. The blame does not belong to your office

and employees. Every one of the ladies referred said they were the greatest maid in town. All we can do is try them and analyze which your office cannot.

Our preference is to seek and hire our own people from the immediate locality. We try to enlist persons we know personally to assure quality.

We find that if a person is now on unemployment checks or welfare--they do not truly try to be hired. They want all aid to expire before they seek work. We do not hire over ten people and some jobs are minimum pay--they will not hire in for this even though we give hospitalization--work daylight hours only and are open only five days weekly. We try to keep our employees happy because new help is extremely difficult to find.

Previous experience with departmental placement was a disaster. Attempts to shove an unqualified, untested, unsuitable person down our throats, have resulted in a permanent antipathy toward the department. Posting of a technical position two years ago which ran for a full year proved fruitless. It turned out that since our particular requirement was a new category that did not have a separate listing, it was included in a wrong category. Some service! Inflexibility of the system makes it unworkable for us. Such bureaucracy we don't intend to work with.

Have not contacted in recent years because prior experience showed applicants were not screened and had to weed out people who did not want to work, that came out on interview only to keep eligible for unemployment. A simple ad in paper brings only peope who want to work.

We get the impression that the bulk of the department staff (in local office) is primarily concerned with processing benefits for the unemployed and considerably less interested (and/or capable) in placing people in jobs. We fail to note that even the most rudimentary interviewing has been accomplished before an applicant is sent to us.

In the past 15 years I may have called for your help four to eight times? I have only hired one man through your department. As I recall the people were somewhat indifferent to my requirements. I guess that may be why I don't ever call your department. I found the best way to hire capable enthusiastic and loyal personnel is through our suppliers, their salespeople and word of mouth. Hope this is of help to you.

In the past whenever I enlisted the help of placement service, either no applicants ever showed up or the quality of applicant was so poor it turned out to be a waste of everyones time. I think this service could be of great value to employers and potential employees, but when I hire I remember my past experience and decide not even to bother looking for employees at the placement service. Hope something is done to improve matters.

The impression I receive from your staff is that they do not care! This means they don't care about employers or employees to be.

Question #8 I have found private agencies worked at getting me together with the right person--whereas the department seemed to send over anyone with the basic skills without a look into aptitude or other qualities I am looking for--is it discriminating to want certain types?

On company personnel, I have never had a good applicant from your department. The applicant is not screened and I've been sent bookkeepers when I've asked for general office, for filing, extension work, etc. My experience in the past has been, if you need someone qualified for a certain position, don't call the department. So I've gotten in the habit of not calling the department.

We have tried on several occasions to get employees through you but to no avail. I can only pay the minimum wage so most welfare people are not interested not that I blame them. With wages, taxes, insurances, goods and rent on the increase I can see no change for the better in 1975.

When contacted the applicants sent for interview is recruited from the person sitting with them at the time--not from file of qualified personnel seeking employment. Seems to be some personal feelings involved too. No sharp people were sent to us. Only unqualified ignorant and their excuse was these are all that are available. Independent employment offices sent people but they usually become disillusioned by the high cost of getting the job and quit after they realized how much they were paying for the privilege of working.

### Minor Market Employers Who Were Unaware of EDD Services (N=166)

This category of employers (13% of the sample) included those who indicated that they were not familiar with the ESB; not familiar with EDD but who wanted more information; or employers who felt they could not rate us because they did not see any way we could be of value to them.

Comments from some of these employers were as follows:

I would like to know more about your services.

We would like to know more about the services offered by your offices, including the Community Advisory Committee.

I am not very familiar with the departments services, but, would be interested in learning about them.

We would like to use this service but, as an employer I don't like to get countless referrals for a small opening therefore, I do not know if I am of service to them.

Have no employee problems.

I had only one job opening. I preferred news media, to be able to eliminate and narrow down choice of applicants at first telephone interview. I'm going to try the Employment Development Department next time.

1. I'm prejudiced against workers who are not willing to actively look for their own job.
2. I believe all looking for work should also register with your department.
3. I dislike the over aggressive (at times) way private agencies solicit openings but think your department would improve if they spent some time this way.
4. In five years I have had only one person inquire (personally) for a job.
5. I have openings but no time to train candidates.
6. OJT has great potential--if tied to manufacturing training program and not to outdated equipment (like trade schools have).

We are a very small business. Our hiring usually would be limited to fully experienced personnel. Experienced people looking for jobs usually circulate the agencies themselves either directly or through one of the airline sales representatives.

I own a small beauty salon--have only two employees. One full time - one part time.

We were never contacted.

We are a Service Club and utilize food service people working for local school district when needed.

I will try to use your department now, for I have a new opening.

> Our firm will utilize services of your department, but we would like to meet with a representative. If your department has to do with WIN-OJT then most of my answers should have been in the affirmative.
>
> We would not be interested in using this service.
>
> Have no need of help in securing employees.
>
> As a very small architectural office there has been little or no need for such a service as your board offers. At sometime in the future, when the general economy improves and construction money is again available at a reasonable interest rate, it is possible your services could be of benefit to me. With this in mind, it would be nice if your field representative would contact me and advise me on your available services. Thank you for your efforts to improve the State's image. It would also help if the employer tax contribution rate was eliminated, or at least reduced substantially.

Minor Market Employers With Low Potential For Utilization Of EDD Services

(N=591)

This category of employers is comprised of very small businesses which hire one or less full-time employee, which engage in union hiring only, and/or which have virtually no turnover.

Some comments from employers in this category were as follows:

> We are a family operation with most of our employees being family members. We have very little employee turnover.
>
> Only have two employees, one a son and the other a son-in-law, which seems to work out the best for this very small business.
>
> As manager, I have been with the credit union since organization. The second employee was referred by a mutual friend--has been in the position for two years. No replacement or additions are contemplated.
>
> We hire part-time people and they are all attending school.
>
> Small musical group. Must hire through union.

Aero TV is a one man store.

I have one employee. He is a professional photographer and a good friend. We have a two man operation. He has been with me for several years. At this time there is no place for other employees in my small business.

I have had no employees in last 2 1/2 years.

We are so little that our hiring is done chiefly through union.

Mobile home park managers and assistant managers have to be owners and dwell in park, etc., so do not believe the older retired couples could be recruited other than through mobile papers.

The amount of paperwork for one part-time employee (an apartment manager) is ridiculous.

Money is being wasted. Must hire through union.

I am a small business and do not net a large profit to hire steady. The job requires a special type person to sell used merchandise. So I do my own scouting for a worker. It's a business where you do good one day and nothing the next. As of now I am working it alone as I cannot afford an employee. I do not wish your service for any employee. So do not refer any to me! As they will not be hired.

Just hired one part-time employee.

Have only one employee and probably don't need help.

State of California
Employment Development Department

Employment Data and Research

## EMPLOYMENT SERVICES BOARD EMPLOYER SURVEY

### Table I

### Responses by Industry and Size of Firm

| Industry | Total | Under 50 EES | Over 50 EES | No Response |
|---|---|---|---|---|
| State Totals | 8,938 | 7,793 | 563 | 582 |
| Agriculture, Forestry, & Fisheries | 230 | 195 | 11 | 24 |
| Mineral Extraction | 27 | 21 | 5 | 1 |
| Contract Construction | 849 | 736 | 25 | 88 |
| Manufacturing | 642 | 495 | 115 | 32 |
| Transportation, Communication, Electric, Gas, & Sanitary Services | 345 | 294 | 19 | 32 |
| Wholesale & Retail Trade | 2,861 | 2,536 | 154 | 171 |
| Finance, Insurance, & Real Estate | 777 | 650 | 54 | 73 |
| Services | 3,077 | 2,789 | 142 | 146 |
| State & Local Govt | 58 | 22 | 35 | 1 |
| Nonclassifiable | 72 | 55 | 3 | 14 |

State of California
Employment Development Department

Employment Data and Research

Table XI

Relationship With Community Advisory Committee

| Area | Know of Activities | Heard of It But Ignorant of Activities | No Knowledge | No Response | Total |
|---|---|---|---|---|---|
| Anaheim-Santa Ana-Garden Grove | 77 | 89 | 353 | 40 | 559 |
| Bakersfield | 23 | 13 | 20 | 5 | 61 |
| Fresno | 68 | 102 | 352 | 37 | 559 |
| Los Angeles-Long Beach | 139 | 84 | 290 | 36 | 549 |
| Oxnard-Simi Valley-Ventura | 65 | 94 | 369 | 41 | 569 |
| Sacramento | 80 | 94 | 355 | 33 | 562 |
| Salinas-Seaside-Monterey | 100 | 110 | 293 | 18 | 521 |
| San Bernardino-Riverside Ontario | 92 | 91 | 337 | 38 | 558 |
| San Diego | 102 | 94 | 332 | 34 | 562 |
| San Francisco-Oakland | 104 | 100 | 366 | 34 | 604 |
| San Jose | 71 | 101 | 354 | 34 | 560 |
| Santa Barbara | 91 | 111 | 336 | 29 | 567 |
| Stockton | 105 | 89 | 301 | 36 | 531 |
| Vallejo-Fairfield-Napa | 80 | 85 | 352 | 27 | 544 |
| Modesto | 98 | 113 | 345 | 34 | 590 |
| Santa Rosa | 98 | 76 | 353 | 28 | 555 |
| Santa Cruz | 89 | 95 | 274 | 23 | 481 |
| State Totals | 1472 | 1542 | 5400 | 527 | 8941 |

Agency . Development Department

Table II

Contacts Made With EDD Office During Last 12 Months

| Area | Frequently | Occasionally | Seldom | Never | No Response | Total |
|---|---|---|---|---|---|---|
| Anaheim-Santa Ana-Garden Grove | | | | | | |
| Personal | 1 | 15 | 22 | 391 | 130 | 559 |
| Mail | 9 | 55 | 53 | 253 | 175 | 550 |
| Telephone | 7 | 32 | 38 | 305 | 178 | 560 |
| Bakersfield | | | | | | |
| Personal | 0 | 3 | 0 | 45 | 13 | 61 |
| Mail | 2 | 9 | 5 | 24 | 21 | 61 |
| Telephone | 1 | 3 | 3 | 30 | 24 | 61 |
| Fresno | | | | | | |
| Personal | 3 | 26 | 37 | 370 | 131 | 567 |
| Mail | 4 | 45 | 42 | 275 | 201 | 567 |
| Telephone | 2 | 40 | 38 | 305 | 184 | 569 |
| Los Angeles-Long Beach | | | | | | |
| Personal | 5 | 34 | 30 | 339 | 141 | 549 |
| Mail | 13 | 77 | 48 | 232 | 179 | 549 |
| Telephone | 6 | 49 | 32 | 278 | 184 | 549 |
| Oxnard-Simi Valley-Ventura | | | | | | |
| Personal | 2 | 20 | 20 | 399 | 128 | 569 |
| Mail | 3 | 45 | 60 | 288 | 174 | 570 |
| Telephone | 8 | 38 | 40 | 317 | 165 | 568 |
| Sacramento | | | | | | |
| Personal | 2 | 24 | 27 | 388 | 122 | 563 |
| Mail | 10 | 46 | 65 | 270 | 171 | 562 |
| Telephone | 5 | 25 | 42 | 320 | 169 | 561 |
| Salinas-Seaside-Monterey | | | | | | |
| Personal | 2 | 36 | 42 | 345 | 96 | 521 |
| Mail | 7 | 52 | 39 | 259 | 164 | 521 |
| Telephone | 9 | 43 | 39 | 279 | 151 | 521 |
| San Bernardino-Riverside | | | | | | |
| Personal | 4 | 30 | 33 | 368 | 124 | 559 |
| Mail | 6 | 52 | 49 | 248 | 204 | 559 |
| Telephone | 5 | 39 | 44 | 274 | 194 | 556 |

[illegible]

| Area | Frequently | Occasionally | Seldom | Never | No Response | Total |
|---|---|---|---|---|---|---|
| San Diego | | | | | | |
| Personal | 4 | 15 | 37 | 377 | 127 | 560 |
| Mail | 9 | 61 | 72 | 244 | 174 | 560 |
| Telephone | 7 | 35 | 54 | 300 | 162 | 560 |
| San Francisco-Oakland | | | | | | |
| Personal | 2 | 24 | 35 | 414 | 129 | 604 |
| Mail | 14 | 65 | 53 | 273 | 192 | 603 |
| Telephone | 14 | 49 | 39 | 331 | 170 | 603 |
| San Jose | | | | | | |
| Personal | 1 | 13 | 13 | 430 | 103 | 560 |
| Mail | 9 | 61 | 70 | 281 | 139 | 560 |
| Telephone | 5 | 36 | 44 | 340 | 135 | 560 |
| Santa Barbara | | | | | | |
| Personal | 3 | 47 | 39 | 365 | 113 | 567 |
| Mail | 8 | 74 | 53 | 257 | 174 | 566 |
| Telephone | 19 | 52 | 51 | 228 | 155 | 557 |
| Stockton | | | | | | |
| Personal | 7 | 31 | 41 | 347 | 105 | 531 |
| Mail | 9 | 61 | 48 | 243 | 170 | 531 |
| Telephone | 6 | 45 | 40 | 273 | 166 | 530 |
| Vallejo-Fairfield-Napa | | | | | | |
| Personal | 10 | 32 | 35 | 365 | 101 | 544 |
| Mail | 6 | 54 | 51 | 257 | 176 | 544 |
| Telephone | 16 | 39 | 32 | 290 | 167 | 544 |
| Modesto | | | | | | |
| Personal | 9 | 44 | 42 | 360 | 134 | 589 |
| Mail | 16 | 81 | 62 | 239 | 191 | 589 |
| Telephone | 12 | 63 | 56 | 285 | 173 | 589 |
| Santa Rosa | | | | | | |
| Personal | 5 | 25 | 27 | 365 | 132 | 555 |
| Mail | 8 | 45 | 47 | 279 | 175 | 555 |
| Telephone | 13 | 42 | 34 | 303 | 161 | 555 |
| Santa Cruz | | | | | | |
| Personal | 4 | 25 | 23 | 324 | 104 | 480 |
| Mail | 7 | 43 | 57 | 207 | 165 | 480 |
| Telephone | 5 | 53 | 31 | 242 | 150 | 480 |
| State Totals | | | | | | |
| Personal | 81 | 5921 | 509 | [illegible] | 1937 | [illegible] |
| Mail | 140 | 4144 | 872 | 929 | 2354 | [illegible] |
| Telephone | 140 | 4733 | 677 | 653 | 2877 | [illegible] |

## Table V

### Purpose of Contacts Made by EDD Office

| Area | Explain Services | Solicit Job Openings | Solicit Participation in Job Training | Gather Labor Market Information | Information on UI or DI Program | Other | No Contacts | No Response | To |
|---|---|---|---|---|---|---|---|---|---|
| Anaheim-Santa Ana-Garden Grove | 41 | 64 | 25 | 17 | 80 | 8 | 232 | 165 | 63 |
| Bakersfield | 5 | 6 | 2 | 4 | 10 | 0 | 27 | 16 | 7 |
| Fresno | 37 | 67 | 35 | 16 | 65 | 8 | 234 | 171 | 63 |
| Los Angeles-Long Beach | 69 | 114 | 41 | 29 | 64 | 9 | 175 | 165 | 665 |
| Oxnard-Simi Valley-Ventura | 21 | 55 | 35 | 11 | 72 | 11 | 267 | 156 | 629 |
| Sacramento | 47 | 71 | 39 | 12 | 78 | 11 | 238 | 154 | 650 |
| Salinas-Seaside-Monterey | 50 | 77 | 34 | 23 | 70 | 17 | 205 | 141 | 617 |
| San Bernardino-Riverside-Ontario | 45 | 77 | 25 | 17 | 63 | 7 | 235 | [illegible] | |
| San Diego | 58 | 90 | 51 | 13 | 81 | 9 | 223 | 140 | 665 |
| San Francisco-Oakland | 49 | 95 | 27 | 16 | 80 | 16 | 238 | 179 | 700 |
| San Jose | 49 | 80 | 31 | 16 | 72 | 10 | 223 | 157 | 638 |
| Santa Barbara | 55 | 81 | 50 | 19 | 91 | 20 | 216 | 144 | 676 |
| Stockton | 60 | 83 | 40 | 18 | 71 | 8 | 208 | 142 | 630 |
| Vallejo-Fairfield-Napa | 53 | 67 | 35 | 18 | 83 | 12 | 221 | 147 | 637 |
| Modesto | 45 | 114 | 75 | 22 | 89 | 18 | 224 | 132 | 719 |
| Santa Rosa | 41 | 66 | 32 | 12 | 78 | 14 | 225 | 155 | 62 |
| Santa Cruz | 39 | 77 | 22 | 27 | 63 | 17 | 183 | 118 | 54 |
| State Totals | 765 | 1285 | 601 | 290 | 1210 | 195 | 3579 | 2456 | |

Table V

## Results of Contacts Made With Local Office Staff

| Area | Strengthened Relations | Promoted Under-Standing | Agreed to Participate in a Training Program | Placed a Job Order | Of No Value To My Firm | Other | No Contact Made | No Response | Total |
|---|---|---|---|---|---|---|---|---|---|
| Anaheim-Santa Ana-Garden Grove | 20 | 30 | 6 | 36 | 58 | 18 | 242 | 179 | 589 |
| Bakersfield | 1 | 6 | 0 | 5 | 3 | 1 | 29 | 21 | 66 |
| Fresno | 16 | 41 | 10 | 27 | 60 | 13 | 239 | 190 | 596 |
| Los Angeles-Long Beach | 19 | 50 | 6 | 47 | 64 | 23 | 188 | 182 | 579 |
| Oxnard-Simi Valley-Ventura | 18 | 36 | 15 | 41 | 37 | 19 | 274 | 171 | 607 |
| Sacramento | 17 | 46 | 9 | 43 | 58 | 20 | 246 | 174 | 613 |
| Salinas-Seaside-Monterey | 32 | 44 | 10 | 49 | 44 | 18 | 219 | 149 | 565 |
| San Bernardino-Riverside-Ontario | 16 | 41 | 2 | 43 | 43 | 14 | 252 | 165 | 576 |
| San Diego | 22 | 46 | 12 | 38 | 70 | 21 | 231 | 159 | 599 |
| San Francisco-Oakland | 26 | 54 | 11 | 37 | 59 | 14 | 239 | 200 | 640 |
| San Jose | 13 | 44 | 10 | 56 | 46 | 17 | 234 | 174 | 594 |
| Santa Barbara | 33 | 68 | 18 | 60 | 47 | 25 | 223 | 154 | 628 |
| Stockton | 27 | 58 | 6 | 48 | 57 | 17 | 203 | 167 | 583 |
| Vallejo-Fairfield-Nap | 32 | 46 | 11 | 42 | 39 | 20 | 224 | 177 | 591 |
| Modesto | 24 | 68 | 30 | 57 | 61 | 30 | 229 | 150 | 649 |
| Santa Rosa | 22 | 47 | 13 | 40 | 53 | 14 | 233 | 171 | 593 |
| Santa Cruz | 28 | 41 | 4 | 41 | 44 | 20 | 197 | 133 | [illegible] |
| State Totals | 365 | 765 | 173 | 710 | 843 | 300 | 3902 | 2716 | 9547 |

## Table VI

## Reasons for Increasing Use of EDD Services

| Area | Visit by EDD Staff | Telephone Call | Radio or TV | Brochure | Newspaper | Govt. Contract | Recommended by Associate | Other | No Response | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Anaheim-Santa Ana-Garden Grove | 9 | 2 | 0 | 16 | 0 | 10 | 4 | 50 | 479 | 570 |
| Bakersfield | 1 | 1 | 1 | 2 | 1 | 1 | 0 | 5 | 50 | 62 |
| Fresno | 17 | 4 | 1 | 12 | 5 | 2 | 6 | 42 | 489 | 578 |
| Los Angeles-Long Beach | 11 | 4 | 0 | 11 | 0 | 4 | 3 | 40 | 479 | 552 |
| Oxnard-Simi Valley-Ventura | 12 | 3 | 0 | 7 | 6 | 2 | 10 | 45 | 490 | 575 |
| Sacramento | 12 | 5 | 2 | 13 | 3 | 4 | 5 | 47 | 485 | 576 |
| Salinas-Seaside-Monterey | 22 | 2 | 3 | 7 | 7 | 2 | 10 | 39 | 439 | 531 |
| San Bernardino-Riverside-Ontario | 14 | 6 | 1 | 11 | 6 | 6 | 2 | 46 | 471 | 563 |
| San Diego | 10 | 5 | 3 | 15 | 3 | 7 | 3 | 33 | 489 | 568 |
| San Francisco-Oakland | 5 | 4 | 0 | 8 | 9 | 8 | 3 | 41 | 530 | 608 |
| San Jose | 6 | 8 | 2 | 12 | 5 | 2 | 7 | 54 | 470 | 566 |
| Santa Barbara | 24 | 9 | 5 | 9 | 7 | 6 | 7 | 44 | 471 | 582 |
| Stockton | 16 | 7 | 1 | 11 | 4 | 5 | 8 | 30 | 455 | 537 |
| Vallejo-Fairfield-Napa | 19 | 10 | 4 | 9 | 6 | 5 | 3 | 50 | 449 | 555 |
| Modesto | 18 | 8 | 1 | 11 | 5 | 4 | 10 | 49 | 495 | 601 |
| Santa Rosa | 9 | 7 | 5 | 7 | 7 | 5 | 5 | 44 | 472 | 561 |
| Santa Cruz | 13 | 6 | 6 | 4 | 7 | 7 | 6 | 38 | 397 | 484 |
| State Totals | 218 | 91 | 34 | 165 | 64 | 69 | 92 | 697 | 7511 | 8917 |

Employment Development Department

## Table XI

### Reasons For Stopping Use of EDD Services

| Area | Poor Quality of Referred Applicants | Slow Service | Excessive Calls | Did Not Fill Orders | Lost Personal Contact | Other | No Response | Total |
|---|---|---|---|---|---|---|---|---|
| Anaheim-Santa Ana-Garden Grove | 39 | 3 | 5 | 19 | 3 | 45 | 462 | 576 |
| Bakersfield | 6 | 1 | 1 | 2 | 0 | 7 | 48 | |
| Fresno | 47 | 5 | 2 | 20 | 2 | 52 | 449 | 577 |
| Los Angeles-Long Beach | 54 | 5 | 5 | 30 | 3 | 40 | 434 | 571 |
| Oxnard-Simi Valley-Ventura | 44 | 11 | 1 | 12 | 4 | 58 | 453 | 583 |
| Sacramento | 40 | 5 | 3 | 15 | 2 | 58 | 453 | 576 |
| Salinas-Seaside-Monterey | 62 | 10 | 3 | 16 | 3 | 35 | 412 | 541 |
| San Bernardino-Riverside Ontario | 49 | 8 | 2 | 14 | 3 | 55 | [illegible] | [illegible] |
| San Diego | 30 | 3 | 0 | 14 | 5 | 50 | [illegible] | [illegible] |
| San Francisco-Oakland | 49 | 5 | 5 | 14 | 3 | 38 | 504 | 608 |
| San Jose | 52 | 14 | 2 | 16 | 2 | 51 | 448 | 585 |
| Santa Barbara | 55 | 9 | 2 | 10 | 3 | 37 | 461 | 578 |
| Stockton | 60 | 9 | 3 | 10 | 8 | 31 | 427 | 548 |
| Vallejo-Fairfield-Napa | 47 | 10 | 6 | 14 | 5 | 58 | 422 | 562 |
| Modesto | 65 | 9 | 2 | 26 | 7 | 59 | 441 | 609 |
| Santa Rosa | 45 | 6 | 3 | 17 | 3 | 45 | 451 | 570 |
| Santa Cruz | 48 | 2 | 0 | 11 | 3 | 49 | 378 | 491 |
| State Totals | 793 | 115 | 45 | 260 | 59 | 753 | 7164 | 8247 |

## Table VII

### Types of Local Office Services Used By Employers

| Area | Placement Services | Wage/Labor Market Information | Out Contact Follow-Ups | Assistance On Improving Personnel Policies/ Practices & Others | UI-DI Claims Assistance | None | No Response | Total |
|---|---|---|---|---|---|---|---|---|
| Anaheim-Santa Ana-Garden Grove | 64 | 14 | 6 | 5 | 35 | 309 | 130 | [illegible] |
| Bakersfield | 11 | 1 | 0 | 1 | 7 | 31 | 13 | 64 |
| Fresno | 57 | 17 | 6 | 2 | 40 | 325 | 143 | 590 |
| Los Angeles-Long Beach | 66 | 13 | 3 | 8 | 28 | 317 | 131 | 566 |
| Oxnard-Simi Valley-Ventura | 65 | 13 | 6 | 6 | 38 | 343 | 125 | 595 |
| Sacramento | 72 | 13 | 3 | 3 | 24 | 339 | 120 | 597 |
| Salinas-Seaside-Monterey | 80 | 18 | 8 | 9 | 45 | 295 | 98 | 553 |
| San Bernardino-Riverside-Ontario | 64 | 13 | 2 | 2 | 34 | 331 | | |
| San Diego | 64 | 24 | 6 | 6 | 48 | 325 | 120 | 594 |
| San Francisco-Oakland | 81 | 12 | 6 | 4 | 48 | 354 | 131 | 636 |
| San Jose | 83 | 15 | 3 | 3 | 35 | 327 | 116 | 587 |
| Santa Barbara | 101 | 23 | 14 | 7 | 63 | 293 | 112 | 613 |
| Stockton | 76 | 14 | 5 | 2 | 37 | 308 | 114 | 559 |
| Vallejo-Fairfield-Napa | 67 | 13 | 11 | 6 | 52 | 312 | 117 | [illegible] |
| Modesto | 101 | 24 | 16 | 6 | 47 | 337 | 105 | 635 |
| Santa Rosa | 70 | 19 | 4 | 9 | 40 | 312 | 126 | 580 |
| Santa Cruz | 80 | 14 | 4 | 8 | 33 | 275 | 87 | 501 |
| State Totals | 1207 | 260 | 103 | 90 | 655 | 5154 | 1919 | 8017 |

Table IX

### Type of Job Openings Listed With EDD Offices

| Area | Office and Clerical | Sales | Maintenance | Production | Professional Technical and Managerial | Services | Agriculture | None | No Response | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Anaheim-Santa Ana-Garden Grove | 32 | 12 | 15 | 34 | 13 | 19 | 1 | 340 | 135 | 60 |
| Bakersfield | 3 | 3 | 7 | 1 | 1 | 7 | 0 | 40 | 8 | 7 |
| Fresno | 33 | 8 | 6 | 11 | 2 | 17 | 6 | 359 | 140 | 5 |
| Los Angeles-Long Beach | 30 | 9 | 17 | 35 | 14 | 24 | 0 | 313 | 145 | 5 |
| Oxnard-Simi Valley-Ventura | 33 | 9 | 19 | 13 | 16 | 24 | 6 | 378 | 112 | 61 |
| Sacramento | 32 | 10 | 13 | 14 | 16 | 26 | 4 | 372 | 105 | 59 |
| Salinas-Seaside-Monterey | 40 | 13 | 18 | 15 | 6 | 22 | 12 | 313 | 111 | 5 |
| San Bernardino-Riverside-Ontario | 30 | 10 | 15 | 23 | 9 | 20 | 7 | 337 | 145 | [illegible] |
| San Diego | 34 | 14 | 13 | 23 | 20 | 24 | 2 | 363 | 114 | 607 |
| San Francisco-Oakland | 58 | 13 | 12 | 20 | 12 | 29 | 1 | 360 | 146 | 65 |
| San Jose | 50 | 12 | 23 | 24 | 10 | 30 | 2 | 342 | 114 | 60 |
| Santa Barbara | 47 | 21 | 26 | 29 | 18 | 34 | 4 | 337 | 113 | 6 |
| Stockton | 30 | 6 | 18 | 29 | 13 | 23 | 10 | 321 | 117 | 5 |
| Vallejo-Fairfield-Napa | 27 | 7 | 14 | 15 | 17 | 26 | 6 | 360 | 111 | 5 |
| Modesto | 43 | 19 | 34 | 20 | 14 | 41 | 7 | 365 | 100 | 64 |
| Santa Rosa | 29 | 12 | 18 | 20 | 15 | 20 | 3 | 331 | 139 | 587 |
| Santa Cruz | 27 | 24 | 18 | 22 | 9 | 26 | 4 | 289 | 101 | 5 |
| State Totals | 578 | 202 | 286 | 348 | 205 | 432 | 75 | 5520 | 1956 | 6 |

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State of California
Employment Development Department

Employment Data and Research

### Table .

### Quality of Applicants Referred To You By EDD During Last 12 Months

| Area | Excellent | Satisfactory | Unacceptable | No Applicants Referred | Did Not Request Referrals | No Response | Total |
|---|---|---|---|---|---|---|---|
| Anaheim-Santa Ana-Garden Grove | 5 | 29 | 31 | 88 | 198 | 209 | 560 |
| Bakersfield | 2 | 5 | 4 | 8 | 26 | 16 | 61 |
| Fresno | 6 | 25 | 30 | 90 | 213 | 205 | 569 |
| Los Angeles-Long Beach | 1 | 38 | 39 | 60 | 215 | 196 | 549 |
| Oxnard-Simi Valley-Ventura | 4 | 46 | 29 | 96 | 219 | 175 | 569 |
| Sacramento | 4 | 46 | 19 | 83 | 234 | 176 | 562 |
| Salinas-Seaside-Monterey | 4 | 55 | 33 | 72 | 195 | 162 | 521 |
| San Bernardino-Riverside-Ontario | 1 | 41 | 29 | 94 | 195 | 198 | 558 |
| San Diego | 6 | 43 | 20 | 83 | 229 | 179 | 560 |
| San Francisco-Oakland | 6 | 44 | 34 | 84 | 227 | 209 | 604 |
| San Jose | 7 | 56 | 32 | 84 | 221 | 159 | 559 |
| Santa Barbara | 10 | 59 | 36 | 77 | 201 | 184 | 567 |
| Stockton | 8 | 49 | 30 | 58 | 223 | 162 | 530 |
| Vallejo-Fairfield-Napa | 4 | 43 | 23 | 83 | 215 | 176 | 544 |
| Modesto | 10 | 60 | 44 | 96 | 213 | 167 | 590 |
| Santa Rosa | 6 | 41 | 29 | 82 | 196 | 200 | 554 |
| Santa Cruz | 4 | 56 | 25 | 70 | 182 | 144 | 481 |
| State Totals | 88 | 736 | 457 | 1309 | 3402 | 2917 | 8947 |

Employment Development Department

## Table XI

### Source of Hires Made During Last 12 Months

| Area | EDD Local Office | Company's Personnel Office | Private Employment Agency | Business and Technical Schools | News Media | Union Halls | Community Agency | Other Sources | No Hires | No Response | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Anaheim-Santa Ana-Garden Grove | 40 | 31 | 58 | 20 | 128 | 29 | 14 | 83 | 175 | 147 | 677 |
| Bakersfield | 8 | 1 | 4 | 2 | 6 | 3 | 1 | 18 | 20 | 11 | 72 |
| Fresno | 35 | 42 | 76 | 32 | 65 | 38 | 6 | 91 | 167 | 148 | 675 |
| Los Angeles-Long Beach | 42 | 29 | 46 | 27 | 93 | 22 | 8 | 74 | 171 | 147 | 659 |
| Oxnard-Simi Valley-Ventura | 43 | 47 | 56 | 18 | 107 | 34 | 12 | 98 | 131 | 145 | 685 |
| Sacramento | 52 | 44 | 58 | 28 | 87 | 40 | 10 | 100 | 151 | 119 | 689 |
| Salinas-Seaside-Monterey | 61 | 37 | 53 | 21 | 94 | 31 | 7 | 83 | 135 | 117 | 639 |
| San Bernardino-Riverside-Ontario | 48 | 50 | 38 | 20 | 100 | 23 | 6 | 83 | 148 | 150 | 666 |
| San Diego | 47 | 42 | 60 | 31 | 113 | 40 | 20 | 84 | 150 | 183 | 710 |
| San Francisco-Oakland | 62 | 38 | 88 | 42 | 107 | 53 | 17 | 77 | 185 | 131 | 800 |
| San Jose | 60 | 33 | 66 | 36 | 119 | 41 | 14 | 80 | 139 | 131 | 730 |
| Santa Barbara | 68 | 40 | 72 | 27 | 125 | 40 | 17 | 109 | 115 | 120 | 741 |
| Stockton | 63 | 48 | 66 | 29 | 66 | 47 | 7 | 78 | 135 | 124 | 664 |
| Vallejo-Fairfield-Napa | 45 | 43 | 52 | 23 | 68 | 40 | 6 | 105 | 149 | 127 | 658 |
| Modesto | 73 | 53 | 73 | 30 | 79 | 28 | 9 | 117 | 146 | 133 | 741 |
| Santa Rosa | 48 | 39 | 38 | 26 | 63 | 42 | 11 | 97 | 151 | 143 | 678 |
| Santa Cruz | 50 | 45 | 42 | 10 | 85 | 32 | 12 | 95 | 115 | 107 | 591 |
| State Totals | 847 | 631 | 960 | 430 | 1503 | 571 | 197 | 1469 | 2314 | 2131 | 6317 |

6636 total hires

#3 - 14% of total hires

#1

#2

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## Table XII

### Respondents' Rating of EDD Effectiveness

| Area | Good | Satisfactory | Unsatisfactory | Of No Value | Other Comments | No Response | Total |
|---|---|---|---|---|---|---|---|
| Anaheim-Santa Ana-Garden Grove | 15 | 26 | 33 | 100 | 32 | 355 | 561 |
| Bakersfield | 1 | 7 | 0 | 11 | 4 | 30 | 61 |
| Fresno | 16 | 26 | 27 | 95 | 40 | 365 | 569 |
| Los Angeles-Long Beach | 20 | 45 | 16 | 81 | 32 | 355 | 549 |
| Oxnard-Simi Valley-Ventura | 17 | 37 | 24 | 100 | 50 | 341 | 569 |
| Sacramento | 26 | 44 | 15 | 86 | 43 | 348 | 562 |
| Salinas-Seaside-Monterey | 33 | 53 | 23 | 73 | 41 | 399 | [illegible] |
| San Bernardino-Riverside-Ontario | 20 | 46 | 14 | 89 | 41 | 346 | 556 |
| San Diego | 21 | 37 | 9 | 96 | 46 | 352 | 561 |
| San Francisco-Oakland | 30 | 33 | 25 | 86 | 35 | 394 | [illegible] |
| San Jose | 23 | 53 | 19 | 91 | 55 | 319 | 560 |
| Santa Barbara | 29 | 64 | 20 | 90 | 35 | 328 | 567 |
| Stockton | 28 | 49 | 21 | 63 | 21 | 349 | 531 |
| Vallejo-Fairfield-Napa | 24 | 42 | 19 | 76 | 52 | 330 | 543 |
| Modesto | 32 | 68 | 30 | 89 | 42 | 329 | 590 |
| Santa Rosa | 32 | 37 | 20 | 71 | 39 | 356 | 555 |
| Santa Cruz | 33 | 43 | 12 | 68 | 24 | 281 | 451 |
| State Totals | 400 | 710 | 327 | 1335 | 634 | 5405 | [illegible] |

STATE OF CALIFORNIA — HEALTH AND WELFARE AGENCY

EMPLOYMENT DEVELOPMENT DEPARTMENT
EMPLOYMENT SERVICES BOARD
CAPITOL MALL, SACRAMENTO, CALIFORNIA 95814
TELEPHONE: (916) 322-2116

REFER TO

January 13 1975

Dear Mr. Employer:

California employers paid $934 million in taxes last year to support unemployment insurance, employment services and benefits provided by the Employment Development Department.

The Employment Services Board is interested in improving the services provided in return for those taxes. For this reason, we ask you to assist us by completing the attached questionnaire and returning it to us in the enclosed envelope.

We assure you that your response will be considered confidential information and will be protected. Data supplied will be tabulated so the sources cannot be identified.

The information you provide us will enable the Board to make recommendations for improvement of the Department's service. Your cooperation is essential to achieve the ultimate goal - BETTER SERVICE TO THE PEOPLE OF CALIFORNIA.

Sincerely yours,

EMPLOYMENT SERVICES BOARD

Fred W. Stewart
FRED W. STEWART
Chairman

Enc

Exhibit 1. ESB Questionnaire

1. Approximately how many people do you presently employ?

_____ (1) Under 50

_____ (2) 50 - 99

_____ (3) 100 - 249

_____ (4) 250 - 499

_____ (5) 500 - 999

_____ (6) 1,000 and over

2. During the last 12 months, the number of people you employed:

_____ (1) was relatively constant

_____ (2) increased somewhat

_____ (3) increased substantially

_____ (4) decreased somewhat

_____ (5) decreased substantially

_____ (6) fluctuated up and down

3. Do you know about the Department's local Community Advisory Committee in your area?

_____ (1) Yes, I know of its activities and responsibilities.

_____ (2) Yes, have heard of it, but do not know of its activities and responsibilities.

_____ (3) No.

[illegible]

| | Never | Seldom | Occasionally | Frequently |
|---|---|---|---|---|
| (a) Personal visit | ____(1) | ____(2) | ____(3) | ____(4) |
| (b) Mail | ____(5) | ____(6) | ____(7) | ____(8) |
| (c) Telephone | ____(9) | ____(10) | ____(11) | ____(12) |

5. What was the purpose of the contact(s) made by the Department's field office during the last 12 months? (CHECK ALL THAT APPLY)

____(1) To explain the services they offer employers

____(2) To solicit job openings.

____(3) To solicit your firm's participation in job training programs.

____(4) To gather labor market information.

____(5) Information on unemployment insurance or disability insurance claims.

____(6) Other ____________________

____(7) No contacts made.

6. For your firm, what were the results of the contact(s)? (CHECK ALL THAT APPLY)

____(1) Strengthened your relationship with the Department's field office.

____(2) Gave you a better understanding of the Department and the services offered.

____(3) Agreed to participate in a job training program.

____(4) You placed a job order with them.

____(5) The service offered by the Department was of no value to you.

____(6) Other ____________________

____(7) No contacts made.

7. If you recently started, or increased your use of the services of the Department's field office, which of the following action(s) led to this?

____(1) A visit by a Department representative to explain services offered.

____(2) Received a promotional telephone call.

____(3) Radio or television announcements.

____(4) Received a brochure describing the services offered.

____(5) Read about Department's activities in the newspaper.

____(6) Required to use the Department's services because of government contract(s).

____(7) Recommended by business associate(s).

____(8) Other ____________________

ons?

____(1) Poor quality of referred applicants.

____(2) Very slow service.

____(3) Excessive calls.

____(4) Did not fill job orders.

____(5) Lost personal contact with the field office.

____(6) Other ________________________________________

9. Which of the services offered by the Department's field office have you used during the past 12 months?

____(1) Placement services.

____(2) Wage and labor market information.

____(3) Development and follow-up on OJT contract.

____(4) Assistance on improving personnal policies and practices.

____(5) Assistance on Unemployment/Disability insurance claims.

____(6) Other ________________________________________

____(7) None.

10. During the last 12 months, approximately what percentage of your job openings did you list with the Department's field office?

____(1) Had no job openings to fill.

____(2) Up to 10 percent.

____(3) Up to 25 percent.

____(4) Up to 50 percent.

____(5) Up to 75 percent.

____(6) More than 75 percent.

____(7) None.

11. During the last 12 months what were the categories of job openings you listed with the Department's field office?

____(1) Office and clerical.

____(2) Sales.

____(3) Maintenance.

____(4) Production.

____(5) Professional, technical and managerial.

____(6) Service.

____(7) Agricultural.

____(8) None.

[illegible] the Department's field office was:

____(1) Excellent.

____(2) Satisfactory.

____(3) Unacceptable.

____(4) No applicants referred.

____(5) Did not request referrals.

13. What sources did you use during the last 12 months when you hired employees?

____(1) Department's field office.

____(2) Company's personnel office.

____(3) Private agency.

____(4) Business and technical schools.

____(5) News media.

____(6) Union halls.

____(7) Community agency.

____(8) Other ____________________

____(9) Made no hires.

14. How do you rate the Department's effectiveness in aiding your recruitment efforts?

____(1) Good.

____(2) Satisfactory.

____(3) Unsatisfactory.

____(4) Of no value.

____(5) Other comments ____________

GENERAL COMMENTS - Please elaborate on your responses to any of the questions or comment on any experience not covered.

[From the Wall Street Journal, Sept. 17, 1981]

# Business Slow to Hire From CETA, Frustrating 'Reemployment' Plans

By Joann S. Lublin

*Staff Reporter of The Wall Street Journal*

A newspaper advertisement recently exhorted New Jersey businesses to hire 16,000 workers losing public service jobs because of Reagan budget cuts. "If you have jobs available, stand up and be counted," the ad's bold type blared.

**Result:** A total of 18 employers offered a mere 20 job leads. So it is going in the strenuous effort of the Labor Department to find jobs for workers being cut loose, the workers whose wages have been subsidized through the Comprehensive Employment and Training Act. The private sector has been notably slow to come to the rescue. Generally high unemployment, the participants' lack of marketable skills and CETA's image as a "make-work employment agency" for the chronically unemployed all seem to be factors in that reluctance.

Funds for subsidizing CETA jobs are being eliminated by Sept. 30. By that time, no more than 20% of the 306,000 CETA workers will have found private employment, Labor Department officials predict.

## Other Useful Work

A majority of CETA jobholders affected by elimination of the $4 billion jobs program (the "training" portion of the act continues in force) simply are switching to other public payrolls or forms of public support. Some of them—nearly 26,000 by recent count—have moved into the CETA training program, studying in such fields as typing, dog grooming and automobile repair, hoping to land private jobs. Some furloughed workers are drawing unemployment insurance. And some now hold unsubsidized jobs in the city or state agencies they worked for under CETA, typically in such jobs as street sweepers or file clerks.

Last spring, when the CETA cutbacks began, Labor Secretary Raymond Donovan enlisted community and business groups in the effort to move CETA workers into other jobs quickly—a move seen as an early test of the Reagan administration's reliance on business cooperation to help combat long-term unemployment.

The results in the private sector so far haven't been good. "This darn reemployment effort isn't the perfect example of our efforts to get (jobless) people into the private sector," says Albert Angrisani, Assistant Secretary of Labor for employment and training. "It's just a hodgepodge and a mess, and I'll be glad when it's over."

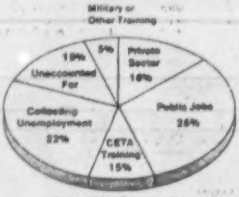
Axing the much-criticized CETA program may not ease the federal budget squeeze as much as was hoped. Income-tax revenues will fall as some CETA participants stop working, and many will draw jobless or welfare benefits, says Robert Cook, a Princeton University economist. He notes that the Labor Department itself has set aside $245 million for unemployment compensation for CETA workers.

The CETA worker who moves into a federal training program only takes the place of some other hard-core poor person, says Stephen Cain, employment services director for the U.S. Conference of Mayors. The displaced individual "is costing the city or state money, in welfare or unemployment insurance," he says.

Many local governments are retaining their CETA workers, at their own expense. Mr. Angrisani thinks that proves something. "If the public sector . . . chooses to keep them on," he says, "they are obviously performing a needed function," even a "revenue-producing one—meter reading." New York City will spend $78 million to retain about 4,300 of its 6,537 CETA employes.

The Labor Department drive to help CETA workers has included special job-hunting training and job referrals by U.S. Employment Service offices, along with the ad campaigns and the pleas to business. But the extra effort hasn't made much difference. In San Francisco, for instance, about 22% of the 946 people cut from CETA payrolls have gotten private-sector jobs—about the same ratio as was registered by CETA jobholders who left in previous years.

Where Laid-Off CETA Workers Went



Total 174,518 involved in reemployment effort as of June 30

Source: Dept. of Labor

Many public-service workers "didn't fit the needs of their private economy," says Eunice Elton, San Francisco's CETA administrator, who adds that the reemployment push "just hasn't caught on as the thing to do" among private employers.

In New Jersey, the troubled economy has hurt placement efforts by the National Alliance of Business and a group of local CETA administrators, which ran the newspaper ads. The business group sponsored a job fair in April at which 40 concerns screened 1,000 individuals. Only 20 landed jobs.

"There are many companies that have people who are laid off," and those firms won't "hire anyone until they put those people back to work," says William Short, the alliance's regional executive.

Chicago Mayor Jane Byrne met four times with 80 large employers to solicit job referrals, and 40 city personnel department staffers ran a reemployment center this summer for 5,000 CETA participants. "We were shooting to get a third to 40% placed in the private sector," says Chicago personnel commissioner Charles Pounian. "It will be more like 10% to 15%." The main obstacle, he explains, is that the backgrounds of most CETA employes don't match "the vacancies in the private sector—computer, word processing and secretarial skills."

J. Foster Fluetsch, a Stockton, Calif., savings-and-loan president who is hiring 100 CETA workers as tellers and clerks, tried unsuccessfully to persuade 100 other businesses to do the same. Mr. Fluetsch, who heads the State Savings & Loan Association, says he met resistance because the CETA program "didn't have a good reputation." Many executives' attitude "about my hiring these people was, 'Oh my gosh, who would be so dumb as to do a thing like that?' " he recounts. Yet only two of the first 50 CETA participants the S&L hired didn't work out, Mr. Fluetsch says, "which is a much better ratio than we've experienced in the past for entrance-level people."

Some people lopped from the CETA rolls complain that the reemployment effort has done them little good. John Tellefson, 34, lost his job last spring as a writer of grant applications for a Salina, Kan., veterans group. Since then, he says, local CETA officials have sent him to just one job interview.

On his own, the college-trained chemist has applied to be everything from a teacher to a motel maid in Salina. Mr. Tellefson wished the federal government would give him "some relocation assistance" so he could look for work "in a more prosperous city, like Wichita," 90 miles away. However, he concedes that the Labor Department "actually is helpless" to place him because "I have a spotty work record and my experience simply isn't very impressive."

## Ritual Visits

Preston Goings, a former CETA-paid job trainer in Baltimore, says the placement assistance simply means "they make us come into the (state) employment office once a week; it's a joke because they don't have many jobs anyway." Or the positions pay less than the $200 a week he earned under CETA. "When it comes time for me to go to work, I'm going to find a job," Mr. Goings says. "They aren't going to find me a job." For now, he is "making out okay" living on jobless insurance while taking a course in real-estate selling.

Mr. Angrisani suspects there are many people who view the program's elimination as "a great chance to collect unemployment insurance." But while their reluctance to seek work probably has crimped the reemployment effort, the Labor Department official believes the special push will pay off in other ways. The Reagan administration is devising a new strategy against long-term joblessness, and Mr. Angrisani says he has learned "it won't work" without "better incentives" for private employers to hire the chronically unemployed.

BY THE COMPTROLLER GENERAL

# Report To The Congress

OF THE UNITED STATES

## Federally Assisted Employment And Training: A Myriad Of Programs Should Be Simplified

This report "takes a picture" of federally assisted employment and training programs in the Tidewater, Virginia, area during fiscal year 1977.

GAO found 44 programs with similar goals attempting to assist virtually the same people. These were authorized through 16 separate legislative authorities, creating a maze of funding and administrative channels.

The report recommends that the Congress and the Director, Office of Management and Budget, simplify the Federal effort through consolidation of programs, where feasible, and take steps to achieve more effective coordination.

UNITED STATES GENERAL ACCOUNTING OFFICE

HRD-79-11

MAY 8, 1979

COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-163922

To the President of the Senate and the
Speaker of the House of Representatives

This report describes 44 federally assisted employment and training programs administered by five Federal departments, three independent Federal agencies, and a Federal Regional Council. Questions concerning why so many programs are available to the same general universe of people, how such multiple efforts are coordinated to prevent overlap and duplication among programs, and whether these programs are meeting the needs of their clients and of employers prompted our review. The report contains recommendations that call for a more streamlined and coordinated employment and training delivery system.

We are sending copies of this report to the Director, Office of Management and Budget and to Federal departments and agencies responsible for programs described in this report.

Elmer B. Staats
Comptroller General
of the United States

COMPTROLLER GENERAL'S
REPORT TO THE CONGRESS

# FEDERALLY ASSISTED EMPLOYMENT AND TRAINING: A MYRIAD OF PROGRAMS SHOULD BE SIMPLIFIED

## DIGEST

The Federal Government funds a complex and increasing network of employment and training programs. In fiscal year 1977, Federal spending for such programs amounted to over $9 billion. Most of these programs are aimed at the same people--the disadvantaged or unemployed.

Because so many programs are attempting to aid the same people, GAO wanted to find out how such multiple efforts are coordinated and whether they are meeting the needs of those people and of employers.

This report examines Federal employment and training programs in the Tidewater, Virginia, area--a well-defined and appropriately sized area. Located in the southeastern part of the State, it includes Isle of Wight and Southampton counties and six cities: Chesapeake, Franklin, Norfolk, Portsmouth, Suffolk, and Virginia Beach.

Tidewater is essentially one integrated economic and social unit in that virtually all of its population is included in a designated standard metropolitan statistical area. Its unemployment rates generally have been below national rates. It is also similar to the Nation as a whole in business activities, such as construction, trade, and services.

Federal employment and training programs use many different approaches--public service employment, institutional training, on-the-job training, vocational rehabilitation, work experience, and job placement assistance.

The effectiveness of Federal efforts to make people employable and place them in permanent unsubsidized jobs is impeded by a number of problems. These problems, which involve program proliferation and coordination, have been reported as national concerns by the Advisory Commission on Intergovernmental Relations, the National Commission for Manpower Policy, and the Commission on Federal Paperwork.

Since local areas receive Federal assistance to operate most employment and training programs identified in this report, the conditions described may be representative of what is happening in other metropolitan areas in the Nation.

## EMPLOYMENT AND TRAINING REFORMS IN 1973

Over 5 years ago, the Congress took action to address the complex Federal system of employment and training programs funded under separate legislative authorities and aimed at specific client groups. Serious problems were noted then in the multiplicity of programs and excessive duplication in employment and training services.

To reform the Nation's employment and training system, the Congress passed the Comprehensive Employment and Training Act of 1973. The act was a significant step in that it consolidated 17 separate Federal employment and training programs and remains the major Federal effort for providing employment and training services. Also, it gave State and local authorities a greater role in planning and managing programs and channels most of its program funds through local administering agencies. Instead of the Department of Labor operating employment and training programs through almost 10,000 grants to and contracts with public and private organizations, grants are awarded to some 450 prime sponsors--generally State or local governments.

## INCREASING NUMBER OF EMPLOYMENT AND TRAINING PROGRAMS

In fiscal year 1977, a total of 44 federally assisted employment and training programs were operating in the Tidewater area. The major Federal effort was funded under the Comprehensive Employment and Training Act. Most of the Federal assistance funds to the area were channeled through one local administering agency. That agency had direct responsibility for administering only five programs but received almost two-thirds of the $24.2 million in Federal assistance funds for the area.

Collectively, federally assisted programs served at least 70,604 participants in the area. One program served only 2 participants while another served about 55,500. The programs involved 5 Federal departments, 3 independent Federal agencies, 1 Federal Regional Council, 26 national organizations or State agencies, and more than 50 local administering agencies. (See pp. 13 to 15.)

The 44 Tidewater programs represent 16 separate legislative authorities. Thirteen programs are based on specific legislative provisions, whereas the remaining 31 stem from the authority vested in Federal and State agencies to establish discretionary local programs. The result is a vast network of special emphasis program categories characterized by

--programs with similar goals and target groups of unemployed and disadvantaged people,

--Federal moneys that follow a variety of administrative channels before reaching the people to be served, and

--a complex and confusing approach to helping individuals obtain training or become gainfully employed.

The Federal Government has been very responsive to employment and training problems but tends to respond to such problems by creating separate programs. The maze of programs calls attention to the need to streamline the federally assisted employment and training system. (See chart on p. 17.) While the large number and variety of programs tend to insure that a program is available to meet a defined need, problems occur when State and local governments have to administer many programs to meet those needs. (See pp. 15, 17, and 20.)

## DIFFICULTIES IN COORDINATION, PLANNING, AND EVALUATION

The increase in employment and training programs intensifies the need for coordinated planning at all levels--Federal, State, and local. Although some coordination was taking place, no Federal, State, or local organization was responsible for coordinating all the programs. (See pp. 22 and 25.)

Legislation related to employment and training programs in the Tidewater area reveals a wide range of coordination requirements. The laws vary from making no mention of coordination to giving broad, blanket statements that coordination to the extent possible or feasible is required. This lack of specificity made it difficult to determine whether Tidewater area program agents were fulfilling coordination requirements.

The Comprehensive Employment and Training Act of 1973 gave States an important role in administering employment and training programs. It provided a strong potential at the State level for minimizing the effects of proliferation of such programs. Amendments to the act in 1978 created an even stronger potential to minimize proliferation effects, but authority still does not exist to modify program operations to effectively coordinate all efforts. (See pp. 24 and 27.)

Furthermore, effective coordination would require that information be available on the existence of programs. No central source of information was available on federally assisted employment and training programs in the Tidewater area. It appears that program agents administer programs without full knowledge of what others are doing. (See pp. 28 and 29.)

Evaluations of the overall effectiveness of programs and their economic impact would be difficult, if not impossible, due to the lack of good data on the local labor market. Reliable data on specific skill needs or changes in needs of area employers and unemployed were not available. Also, required reports on program results generally did not permit evaluation of individual program effectiveness. (See pp. 29 and 32.)

GAO believes the key to improved administration is consolidation of similar programs and a more streamlined employment and training delivery system. This would help centralize management control and provide a balanced approach, thus facilitating managers' evaluation of program results.

## EMPLOYERS' EXPERIENCE WITH EMPLOYMENT AND TRAINING PROGRAMS

One of the most important tests of the programs' effectiveness is whether participants actually obtain and keep jobs. To obtain information on this, GAO sent a questionnaire to a sample of Tidewater employers. The results showed that

--few employers had hired employees in the past 3 years from federally assisted employment and training programs and

--the job retention rate was 22.3 percent for those hired from the programs and still with the employer of original placement.

Employers rated abilities and work of participants as adequate or better much more frequently than as inadequate. (See pp. 34 to 36.)

Responses to GAO questionnaires also indicated that

--walk-in applicants and classified ads were the two most frequently used ways employers obtained employees,

--almost half of the employers had never been contacted by job developers or placement specialists, and

--job developers and placement specialists tended to concentrate their efforts on Tidewater's larger employers.

Employers who had hired participants from the employment and training programs had a greater tendency to use job developers or placement specialists when hiring employees. Employers who had not hired program participants cited no referrals by program agents and no applications from participants as the major reasons. (See pp. 33, 35, and 37.)

## RECOMMENDATIONS

The Director, Office of Management and Budget, with the assistance of the Secretary of Labor should

--explore ways to streamline the employment and training system, including consolidation of programs where feasible and

--submit proposed legislation to the Congress for program consolidation where necessary.

In the interim, the Director should emphasize to Federal, State, and local agencies administering employment and training programs, the need to coordinate the planning and operation of all such programs.

The Congress should

--on the basis of the executive branch's proposals regarding program consolidation, amend employment and training legislation to reduce the number of separate programs and

--in amending employment and training legislation, ensure that appropriate organizational arrangements are mandated to improve coordination and integration of federally assisted employment and training programs. (See p. 40.)

AGENCY COMMENTS

The Office of Management and Budget expressed concern that GAO's findings and recommendations are too general.

The Department of Labor's comments reinforce GAO's findings, and Labor agreed to cooperate with the Office of Management and Budget in any efforts to explore ways to streamline the employment and training system.

Labor and the Virginia Governor's Manpower Services Council said that before GAO recommends legislative changes, it would seem appropriate to wait and see what effect the recently enacted coordination requirements in the Comprehensive Employment and Training Amendments of 1978 will have. GAO disagrees. Given the sheer number and variety of programs, effective coordination is still difficult at best. The key to significantly improved program administration is fewer programs and a more streamlined employment and training system. (See p. 40.)

## CHAPTER 1

## INTRODUCTION

The Federal Government has devised many varied programs to help alleviate the problems of unemployment and underemployment. In fiscal year 1977, over $9 billion in Federal funds were expended for employment and training programs. These programs involve many different approaches--such as public service employment, institutional training, on-the-job training, vocational rehabilitation, work experience, and job placement assistance. Some programs provide employment, some training, some placement in jobs, and some both training and placement. Many of these programs are aimed at specific categorical groups of people, but most are aimed at the same general universe--the unemployed and disadvantaged.

Federal employment and training programs are distinguished from regular educational programs by their operating characteristics. Generally, they (1) operate outside the regular public education system, (2) provide skill training for nonprofessional jobs, (3) provide services for less than 1 year, and (4) target on the disadvantaged or unemployed.

Our review was prompted by questions concerning why so many programs are available to the same general universe of people, how such multiple efforts are coordinated to prevent overlap and duplication among programs, and whether these programs are meeting the needs of their clients and of employers. The area selected was Virginia's Planning District XX, referred to as the Tidewater, Virginia, area.

### TIDEWATER, VIRGINIA

Tidewater is located in the southeastern part of the State on the south side of the Port of Hampton Roads and the James River. The area encompasses 2,018 square miles of land, and contains six cities: Chesapeake, Franklin, Norfolk, Portsmouth, Suffolk, and Virginia Beach; and two counties: Isle of Wight and Southampton. (See app. I for a map of the Tidewater area.) The area had an estimated combined population of 801,400 according to data projected from the 1970 census to July 1, 1974. The per capita income for 1974 was $4,984 and total personal income was $3,994.2 million. In fiscal year 1977, the civilian labor force averaged 308,000.

A number of factors contributed to selecting Tidewater for evaluation.

--Tidewater's unemployment rates have generally been below the national rates. (See app. II for a graph comparing unemployment in Tidewater to the Nation.)

--The area is essentially one integrated economic and social unit in that virtually all of its population is included in a designated standard metropolitan statistical area.

--The area has experienced generally good economic conditions.

--Civilian employment has not declined in recent years.

--A number of employment and training programs were known to exist in the area.

--A good mix of public and private employers is in the area, as well as in urban and rural areas.

--The industrial breakdown of nonfarm activities is somewhat similar to the Nation as a whole except for three categories--manufacturing, mining, and Government. Tidewater has a lower percent of manufacturing and mining employment and a higher percent of Government employment. (See app. III for comparisons.)

## ISSUES AND APPROACH

We examined the employment and training programs operating in the Tidewater area in fiscal year 1977. We believe that since local areas receive Federal assistance to operate most employment and training programs identified in this report, the issues we addressed and the results we obtained may be representative of what is happening in other metropolitan areas in the Nation. The issues we examined were:

--How many federally assisted employment and training programs are available in the Tidewater area?

--Is there a central source of information on (1) the total number of programs available, (2) the variety of services offered, and (3) the number of people actually being served by the programs?

--Is there a reliable source of information which provides data on the supply and demand for job skills in the area?

--Is there an evaluation of the actual needs of the area prior to implementing new programs?

--Is there good coordination between delivery agents to prevent overlap and duplication of effort?

--Is it possible to determine the overall effectiveness of these programs?

These issues relate closely to national employment and training program issues on proliferation and coordination raised by the Advisory Commission on Intergovernmental Relations, the National Commission for Manpower Policy, 1/ and the Commission on Federal Paperwork. Our past studies indicate that these issues are not new to employment and training programs.

In our report summarizing our conclusions and observations on Federal manpower training programs, we pointed out that there had been a proliferation of Federal manpower programs and duplicate administrative systems for delivering manpower services. 2/ Also, in our report on the combined impact of all federally assisted manpower programs in the Atlanta, Georgia, area, we pointed out that there were significant differences in the methods used to assess enrollees' needs and that opportunities existed for improving the delivery of manpower services. 3/ Then, in our report on the manpower services for the disadvantaged in the District of Columbia, we found a maze of local systems for the delivery of similar job training and employment services to the same group of District residents. This maze resulted in a complex, confusing, and uncoordinated effort to assist clients in becoming gainfully employed. 4/

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1/The Comprehensive Employment and Training Act Amendments of 1978 changed the Commission's name to National Commission for Employment Policy.

2/"Federal Manpower Training Programs--GAO Conclusions and Observations" (B-146879, Feb. 17, 1972).

3/"Opportunities for Improving Federally Assisted Manpower Programs in the Atlanta, Georgia, Area" (B-146879, Jan. 7, 1972).

4/"Study of Federal Programs for Manpower Services for the Disadvantaged in the District of Columbia" (B-146879, Jan. 30, 1973).

## SCOPE OF REVIEW

We performed our fieldwork at the following locations during calendar year 1977:

--Employment and Training Administration, Department of Labor, Washington, D.C., and Department of Labor's regional office in Philadelphia.

--Department of Health, Education, and Welfare's regional office in Philadelphia.

--Veterans Administration's regional office in Roanoke, Virginia.

--Virginia Employment Commission's Headquarters in Richmond and local offices in Tidewater, Virginia.

--Southeastern Tidewater Area Manpower Authority, Norfolk, Virginia.

--Southeastern Tidewater Opportunity Project, Norfolk, Virginia.

--Southeastern Virginia Planning District Commission, Norfolk, Virginia.

--Local institutions of postsecondary education, Tidewater, Virginia.

--Governor's Manpower Services Council, Richmond, Virginia.

--Employment and training delivery agents in the Tidewater, Virginia, area.

We discussed program activities with employment and training officials at the various locations. Through a questionnaire sent to a random sample of Tidewater employers, we obtained their views on federally assisted employment and training programs, their preferred means of recruiting and hiring employees, and other pertinent information.

We reviewed applicable legislation, regulations, State plans, and other pertinent documents. We also reviewed several studies relating to federally assisted employment and training programs. These include studies by the Advisory Commission on Intergovernmental Relations, the National Commission for Manpower Policy, and the Commission on Federal Paperwork.

We limited our review to programs that are designed to create employment, alleviate unemployment, or make people more employable. We identified programs through (1) contacts with various officials, (2) the Catalog of Federal Domestic Assistance, (3) newspaper articles, (4) television broadcasts, and (5) knowledge of staff members.

## CHAPTER 2

## OPPORTUNITIES EXIST TO STREAMLINE THE ADMINISTRATION OF FEDERALLY ASSISTED EMPLOYMENT AND TRAINING PROGRAMS

Various legislative and administrative actions have been taken over the years to develop a comprehensive approach to provide federally assisted employment and training to unemployed and economically disadvantaged persons. The most comprehensive of these efforts was the enactment of the Comprehensive Employment and Training Act (CETA) in December 1973. Through CETA an assortment of employment and training programs were consolidated. The results we found in the Tidewater, Virginia, area show that opportunities exist to further streamline the administration of federally assisted employment and training programs.

In Tidewater during fiscal year 1977, we identified 44 federally assisted employment and training programs, 21 of which were authorized by CETA legislation. Many of the programs have similar goals and virtually the same target populations and a maze of funding and administrative channels exists. A graphic illustration of federally assisted employment and training programs in Tidewater is presented on page 17 with additional details in apps. IV and V.

Neither the original CETA legislation nor subsequent amendments brought all major employment and training programs under the CETA umbrella. Within CETA, the programs that have been designed by many Federal, State, and local agencies have contributed to further proliferation of the overall Federal effort. Further, the Congress has enacted additional legislation to meet various employment and training needs, and these efforts have furthered the proliferation of programs.

### BRIEF HISTORY OF FEDERAL EFFORTS

Since the enactment of the first Federal program aimed at providing employment, there has been a continued growth and change in the services offered to the unemployed and economically disadvantaged. In 1917 the Federal-State vocational education program was authorized by the Smith-Hughes Act. The program offered job training for youth and adults and was the Federal Government's initial plunge into manpower programs.

Federal involvement gradually expanded through congressional action. The Congress attempted to help solve the country's employment and training problems by establishing the Vocational Rehabilitation Administration in 1920 and the United States Employment Service in 1933, and enacting the Employment Act in 1946 and the National Defense Education Act in 1958.

In the 1960s through the "New Frontier" and "Great Society" philosophies, the Congress made a concerted national effort to alleviate employment-related problems, particularly among the disadvantaged. Between fiscal years 1961 and 1970, Federal manpower outlays increased from $520 million to about $3.5 billion per year. This increase in outlays was primarily due to programs authorized by three major pieces of legislation--the Area Redevelopment Act, the Manpower Development and Training Act of 1962, and the Economic Opportunity Act of 1964.

The Area Redevelopment Act, passed in 1961, included provisions which authorized programs for occupational training and retraining to alleviate substantial and persistent unemployment and underemployment in certain economically distressed areas. The programs authorized by the Manpower Development and Training Act were aimed at increasing the employment of skilled and unskilled workers through training, job creation, and work experience. The Economic Opportunity Act targeted resources to the poor, racial minorities, youth, and other segments of the population most adversely affected by unemployment. It authorized skill training, job placement, and support services. The Area Redevelopment Act expired in 1965 and its training provisions were incorporated into the Manpower Development and Training Act.

In 1965 the Congress passed the Public Works and Economic Development Act of 1965 which was an outgrowth of prior legislation, including the Area Redevelopment Act. The Public Works and Economic Development Act included provisions which authorized grants and loans for public works and development facilities to assist in creating additional long-term employment opportunities and to benefit primarily the long-term unemployed and members of low-income families.

The Congress continued to enact new programs to deal with still emerging employment-related problems. For example, the Social Security Amendments of 1967 authorized the Work Incentive (WIN) program to provide skills and job training for public assistance recipients. WIN was the successor program to the Community Work and Training program which was started in 1962 and was discontinued on June 30, 1968, and the work experience and training program which was started in 1964 and was discontinued on June 30, 1969. Experience under these two earlier programs indicated that, to provide effective assistance to welfare recipients, a much greater effort would be required than was possible under these programs, and therefore WIN was authorized as a new work training program.

The Emergency Employment Assistance Act followed in 1971, and it authorized transitional employment in jobs providing needed public services and, when feasible, related training and manpower services to enable such persons to move into employment or training not supported under the act.

By the late sixties, there were numerous employment and training programs involving many Federal departments and agencies. Program historians have said that the number of programs proliferated into a "complicated administrative maze." Coordination was a problem even within the various Federal departments. For example, by 1967 the Department of Labor's Manpower Administration had almost 10,000 grants and contracts for the various categorical programs under its jurisdiction.

Beginning in 1967, efforts were underway to solve the problems created by massive Federal efforts, lack of coordination, and overlap and duplication among programs. These efforts resulted in the Concentrated Employment Program, the Cooperative Area Manpower Planning System, and the Comprehensive Manpower Program. They were intended to reduce fragmentation and decentralize responsibility for planning and operating these programs from a central authority to the local jurisdictional bodies--usually community action agencies--where the programs actually operated. While all three efforts provided insights for charting the direction of change in manpower planning and programing, there was still a myriad of program authorizations, guidelines, target groups, and delivery mechanisms.

The Congress, recognizing the need for a program which would provide the related services needed by clients through a single comprehensive effort, in 1973 passed CETA. According to a June 1977 report issued by the Advisory Commission on Intergovernmental Relations: 1/

> "Instead of the nationally oriented, narrowly focused approach taken in most existing federal categorical grants in this area, the framers of CETA sought to decategorize, decentralize, and unify the intergovernmental manpower system through the block grant instrument."

CETA, however, authorized essentially a hybrid block grant program, i.e., a mixture of block and categorical grants. Funds for block grants are awarded for specific purposes on the basis of an application or plan setting forth the intended use of funds. Categorical grants provide resources for specific purposes as long as certain minimum national standards contained in agency guidelines and regulations are followed. While they are similar, they differ in that categorical grants are for narrowly defined purposes and block grants are for more broadly or functionally defined purposes. Block grants also place greater reliance on State and local initiative and administrative machinery.

The original CETA legislation consisted of four basic program titles. Title I authorized comprehensive services in a single block grant, whereas the remaining basic titles authorized funds for categorical programs through either grants or contractual agreements. Title II specifically authorized a public service employment program for areas of high unemployment; title III authorized separate national programs for special target groups, such as migrant and seasonal farmworkers, American Indians, and youth; and title IV authorized a continuation of the Job Corps program for disadvantaged youth.

## CETA CONSOLIDATED MANY PROGRAMS

CETA consolidated 17 former categorical grant programs. The legislation encompassed the services available under the

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1/"The Comprehensive Employment and Training Act: Early Readings from a Hybrid Block Grant," Advisory Commission on Intergovernmental Relations, Washington, D.C., 1977. The Commission was created by the Congress to monitor the operation of the Federal system and recommend improvements. It consists of representatives from the executive and legislative branches of Federal, State, and local government and the public.

Manpower Development and Training Act of 1962 (42 U.S.C. 2571), and parts of the Economic Opportunity Act of 1964 (42 U.S.C. 2701), and the Emergency Employment Act of 1971 (42 U.S.C. 4871). Previously, appropriations under these acts supported a variety of national categorical employment and training programs, including institutional training, Neighborhood Youth Corps, New Careers, Operation Mainstream, and Job Opportunities in the Business Sector programs. CETA did not include major programs authorized under other legislation, such as the employment service program (Wagner-Peyser Act--29 U.S.C. 49) and the WIN program (Social Security Act--42 U.S.C. 630). But CETA was instrumental in consolidating many Federal employment and training programs and, since 1973, has been the major Federal effort for providing employment and training services.

With the enactment of CETA, the Congress adopted the policy that certain employment and training programs would be operated through a decentralized and flexible system of Federal, State, and local programs to provide job training and employment opportunities for economically disadvantaged, unemployed, and underemployed persons to make sure that such training and support services lead to maximum opportunities and the improved self-sufficiency of program participants. Under CETA all States, and all cities, counties, and combinations of local units of government having 100,000 or more population can receive Federal grants for employment and training activities. Some smaller units and rural areas may also qualify. Currently, the total number of qualifying units--referred to as prime sponsors--is about 450.

CETA gave State and local authorities a greater role than in previous programs in planning and managing employment and training programs. Instead of operating manpower programs through almost 10,000 grants to and contracts with public and private organizations, the Department of Labor now makes grants to 450 prime sponsors.

Prime sponsors may operate programs themselves or contract for services. CETA services include programs and activities such as:

--Outreach to make needy persons aware of available employment and training services.

--Assessment of individual's needs, interests, and potential; referral to appropriate jobs or training; and followup to help new workers stay on the job.

--Orientation, counseling, education, and classroom skill training to help people prepare for jobs or qualify for better jobs.

--Subsidized on-the-job training.

--Allowances to support trainees and their families and needed services such as child care and medical aid.

--Development of information concerning the labor market and activities, such as job restructuring, to make it more responsive to objectives of the manpower service program.

--Transitional public service employment programs to enable participants to move into unsubsidized jobs.

--Special programs for groups, such as Indians, migrants, ex-offenders, and youth.

## PROGRAMS PROLIFERATE AGAIN

Although CETA was a significant step in consolidating many federally assisted employment and training programs, the effects of this consolidation effort have been lessened as additional programs have been authorized for special purposes or for particular target groups. In December 1974 a new title (title VI) was added to CETA authorizing a public service employment program as a countercyclical tool to get unemployed persons back to work. In August 1977, to deal with the severe youth unemployment problems, four additional youth programs were authorized under CETA even though youth programs were already in existence through other legislation and CETA titles. Also, with the enactment of the CETA Amendments of 1978 (Public Law 95-524, Oct. 27, 1978), 1/ two additional employment and training programs were authorized under

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1/Title I of the original CETA Act has been redesignated as title II of the CETA Amendments of 1978. Authorization for public service employment activities is contained in the reauthorized title II part D as well as title VI. The designation for special national target group programs, except for youth, remains title III in the new act. All programs specifically targeted to youths are now in title IV of the new act. References to CETA in this report are to the then-current 1973 CETA legislation rather than to the 1978 CETA amendments.

CETA--a title III program for the handicapped and a title VII private sector opportunities program for the economically disadvantaged.

Through the funding of categorical grant programs, the opportunity for prime sponsors to determine program mix and develop comprehensive employment services to meet local needs has diminished. To illustrate the point, in fiscal year 1975, about 42 percent of CETA's funds were earmarked for block grants to provide comprehensive services. In fiscal year 1977, only about 15 percent were earmarked for such services--in other words, 85 percent of the funds were earmarked for categorical grant programs. Much of this shift in funding is attributable to the enactment of public service employment under title VI of CETA.

Additional legislation has also been enacted authorizing categorical employment and training programs that are beyond the CETA umbrella. Although each of these programs is directed toward fulfilling a valid need, they contribute to the large number of programs which must be dealt with at the local level. For example, in December 1974 the Congress passed title X of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3246) to provide emergency financial assistance to stimulate, maintain, or expand job-creating activities in areas suffering from unusually high levels of unemployment, and the Public Works Employment Act of 1976 (42 U.S.C. 6707) was enacted to provide employment opportunities for unemployed and underemployed persons in areas of high unemployment through construction or renovation of useful public facilities.

In the June 1977 report issued by the Advisory Commission on Intergovernmental Relations, one of the major findings was that

> "Although 17 categorical grants were folded into title I, the CETA block grant did little to curb the historic fragmentation of federal manpower programs. Forty-seven separate authorizations for this purpose [Federal manpower programs] still exist and these are administered by ten federal departments or agencies."

The report recommended that the President and the Congress take immediate action to alleviate the rapid proliferation of manpower programs.

> "In light of the rapid proliferation of manpower programs, their frequently competing or duplicating purposes and clientele groups, and spiraling federal outlays for these numerous activities, the Commission recommends that the President and the Congress give high priority to sorting out, redefining, and articulating clearly national manpower goals; to relating a range of coordinative management devices for their accomplishment at the community level; and to developing the necessary mechanisms for periodic evaluations of program progress and accomplishments."

The report further stated:

> "As a long-term objective, the Commission is convinced that reorganization of the federal agencies responsible for administering manpower programs and consolidation and redirection of grants-in-aid to state and local governments in this area are essential means of bringing the highly fragmented existing employment and training, vocational education, institutional training, vocational rehabilitation, economic opportunity, and other programs into a more consistent, integrated, and coordinated strategy for meeting the manpower goals and needs of the nation's local communities in an efficient, effective, and equitable manner."

## PROLIFERATION IN TIDEWATER

We considered an employment and training effort as a program if it had a separate contract or grant award made at the Federal or State level and had its own specific goal(s) and target population(s). In this context, grants for special purposes, such as vocational education under title I of CETA and special target groups under title III of CETA, were counted as separate programs. Such grants were awarded to meet separate needs of separate groups of individuals and therefore, have their own client groups and project design and require separate eligibility criteria and delivery mechanisms.

The federally assisted employment and training programs we identified are generally categorical grant programs. There were 44 such programs operating in the Tidewater area in fiscal year 1977. Combined annual funding for these programs was at least $24.2 million. They provided services to at least 70,604 clients in fiscal year 1977 with one program serving only 2 participants while another one served as many as 55,468. The cost per program during fiscal year 1977 ranged from $4,867 to $5,832,800. (See apps. IV and V.)

We were able to obtain fiscal year 1977 funding information for 42 of the 44 programs identified. As indicated below, 4 Federal agencies have administrative responsibility for 35 programs and account for virtually all of the program funds.

| Federal agency | Number of programs | Fiscal year 1977 funding | Percent of total |
|---|---|---|---|
| | | (000 omitted) | |
| Department of Labor | 27 | $18,861 | 78 |
| Department of Health, Education, and Welfare | 3 | 2,055 | 8 |
| Department of Commerce | 3 | 1,544 | 6 |
| Veterans Administration | 2 | 1,408 | 6 |
| ACTION | 1 | 152 | 1 |
| Department of Transportation | 3 | 142 | 1 |
| Department of the Interior | 2 | 38 | (a) |
| Federal Regional Council | 1 | 18 | (a) |
| Total | b/42 | $24,218 | 100 |

a/Less than 1 percent.

b/Funding information not readily available for two programs.

The size of most of the programs, however, and the way they are scattered across Federal, State, and local agencies raise questions about the overall efficiency of the federally assisted employment and training effort.

The Department of Labor has administrative responsibility for CETA programs, and CETA accounts for 21 of the 44 programs identified. Of the $24.2 million in federally assisted employment and training programs, CETA amounts to $16.7 million. The local prime sponsor in Tidewater accounts for $15.8 million, or 65 percent, of the $24.2 million total, but had direct responsibility for administering only 5 CETA programs and therefore, only 5 of the 44 total programs identified. The remaining 16 CETA programs amount to less than $1 million with individual program costs ranging from $7,042 to $149,174.

The 21 non-CETA programs involve five Federal departments, three independent Federal agencies, and a Federal Regional Council. The combined funding for these programs was at least $7.5 million, or about 31 percent, of the fiscal year 1977 funding for federally assisted employment and training programs in the Tidewater area. Individual program costs ranged from $4,867 to $1,531,395 with eight programs funded at less than $50,000. The pattern of increasing Federal employment and training efforts through separate categories of assistance has created an administrative structure involving different funding schemes and encompassing various combinations of Federal, State, and local agencies.

## MAZE OF FUNDING AND ADMINISTRATIVE CHANNELS

The categorical approach to employment and training programs has created a maze of funding and administrative channels. The chart on page 17 diagrams the flow of funds and administration for each of the 44 programs identified as operating in the Tidewater area during fiscal year 1977. As can be seen, programs are originating in five Federal departments, three independent Federal agencies, and a Federal Regional Council. They are then funneled through a variety of channels, including more than 50 local administering agencies before actually reaching the people to be served. While we did not attempt to develop the administrative costs for the overall federally assisted effort, certainly the costs are considerable.

The chart also illustrates that few programs follow the same administrative pattern. Some programs flow from the Federal level through various State levels before reaching the Tidewater area. Others go directly from the Federal level to the local administering agency and still others go through a public or nonprofit national office before reaching the Tidewater program agent.

Our 1973 report on 17 Federal employment and training programs in the Washington, D.C., area stated:

> "GAO's study of the 17 Federal manpower programs revealed a maze of local systems for the delivery of similar job training and employment services to the same group of District residents. The providing of such services on an individual program approach resulted in a complex, confusing, and uncoordinated effort to assist those persons in becoming gainfully employed."

Some of these programs were brought under the CETA umbrella, while others no longer exist. However, for fiscal year 1977 in the Tidewater area, we found 44 programs similar or identical to the 17 identified in Washington, D.C., in 1973. Of the 44 identified, 21 were authorized by CETA legislation. The remaining 23 programs were authorized by 15 other separate legislative authorities. The fragmented federally assisted employment and training effort originates in the programs' authorizing legislation and extends through the delivery of services at the local level.

## OPPORTUNITIES TO STREAMLINE PROGRAM ADMINISTRATION

In examining the extent of proliferation of programs with similar goals, we categorized the programs into the three groups shown below based on the primary goal or purpose of the program.

| Programs designed to | Number of programs |
|---|---|
| Create employment | 14 |
| Train and/or upgrade skills | 21 |
| Place or refer to jobs | 9 |
| | 44 |

Of the 14 programs designed to create employment, 4 provide part-time employment, 5 full-time employment, and 5 summer employment. Programs designed to train and/or upgrade skills provide training through such methods as classroom instruction, apprenticeships, and on-the-job training. Programs designed to place or refer individuals serve as a connecting link between clients and employers to refer eligible individuals to appropriate employment.

We then examined the 44 programs and categorized them on the basis of categorical target groups to be served. The results were as follows:

| Target group | Number of programs |
|---|---|
| Youth | a/9 |
| Physically or mentally handicapped | 6 |
| Older Americans | 4 |
| Veterans | 4 |
| Minorities and women | 4 |
| Unemployed, underemployed, and economically disadvantaged | 17 |
| Other | 8 |
|  | b/52 |

a/Does not include several CETA youth programs authorized in August 1977 (the Youth Employment and Demonstration Projects Act of 1977--Public Law 95-93) which we did not find operating in Tidewater during fiscal year 1977.

b/The total shown is greater than the number of programs identified (44) because some programs had more than one target group.

In comparing the purpose of certain programs with target groups to be served, opportunities exist to streamline the administration of the federally assisted employment and training network and consolidate certain programs where feasible.

For example, the Summer Program for Economically Disadvantaged Youth and the Federal Employment for Disadvantaged Youth-Summer program both serve youth and are designed to create employment. To be eligible for the Summer Program for Economically Disadvantaged Youth, a person must be economically disadvantaged and between the ages of 14 and 21. Under the Federal Employment for Disadvantaged Youth-Summer program, priority for eligibility is given to economically disadvantaged youth between the ages of 16 and 21. Persons eligible for these two programs may also be eligible for the Vocational Exploration program--another youth program designed to create employment. Two of these programs are authorized by CETA, and the third one is authorized by the Civil Service Act. Two different Federal agencies have administrative responsibility for the programs and at least three different program agents are involved at the local level.

Similarly, the On-The-Job Training for the Mentally Retarded program and the Vocational Rehabilitation for the handicapped program serve mentally handicapped individuals and both are designed to train and place program participants in jobs. Two different Federal departments have administrative responsibility for these two programs. One local program is authorized by CETA and is funded at $7,728. The other local program is authorized by the Rehabilitation Act of 1973, and its funding level is $1,531,395.

The two Senior Community Service Employment programs (one in Norfolk and one in Isle of Wight County) and the Senior Companion program also provide opportunities for streamlining the employment and training network. To be eligible for either of the two Senior Community Service Employment programs, one has to be low income and 55 years or older. To be eligible for the Senior Companion program, one must be low income and 60 years or older. The Senior Community Service Employment program is authorized by title IX of the Older Americans Act, and the Senior Companion program is authorized by the Domestic Volunteer Service Act of 1973. Two different Federal agencies have administrative responsibility for the programs and three different program agents have responsibility at the local level.

Federal and State governments have been responsive to employment and training problems but tend to respond to such problems by creating separate programs. The need for 44 programs, however, funded under 16 different legislative authorities should be reexamined.

Funds for the major federally assisted employment and training programs operating in the Tidewater area in fiscal year 1977 were distributed on the basis of specific provisions mandated by Federal law. There were 13 such programs totaling about $21.3 million, or 88 percent, of the total fiscal year 1977 funds for federally assisted employment and training programs in Tidewater. (See app. IV.) Funds for the remaining 31 programs were distributed under discretionary grants, that is, on the basis of discretionary actions by Federal or State agencies under general provisions of Federal law. Discretionary grants are awarded to help solve specific problems and are not distributed to recipients according to any legally mandated proportions. (See app. V.) The 31 discretionary grant programs total about $2.9 million.

Thus, the manner in which most of the 44 programs evolved stems from the discretionary actions of Federal and State governments. For example, under title III of CETA, funds are available to the Secretary of Labor for providing additional manpower services to special target groups, and 4 percent of CETA title I funds are available to Governors for statewide services, including special model employment and training programs. The sheer number of programs, combined with various Federal, State, and local agencies having administrative responsibilities for the programs, lessen the ability to deliver employment and training services in the most efficient manner.

Recognizing that the variety of employment-related problems that exist may well demand some separate programs, how the employment and training delivery system can best be organized to effectively deal with these problems should be reexamined. Streamlining program administration by consolidating programs having similar objectives into broader purpose programs should increase the efficiency and effectiveness of the delivery of federally assisted employment and training programs. As the National Commission for Manpower Policy noted in its May 1978 report to the President and the Congress,

> "The proliferation of specialized programs leads to administrative inefficiency, undue constraints on local flexibility, * * * dilution of available resources and the ultimate risk that very little will be accomplished beyond the initial satisfaction of the best organized constituencies."

Some of the problems magnified by proliferation in the Tidewater area are discussed in the following chapter.

## CHAPTER 3

## PROLIFERATION MAGNIFIES PROBLEMS IN FEDERALLY ASSISTED EMPLOYMENT AND TRAINING PROGRAMS

In the Tidewater area we found problems in planning, coordinating, and evaluating the effectiveness of programs. These problems become even more significant when viewed from the standpoint of involving 44 programs.

None of the Federal, State, or local officials we contacted maintained a list or even knew of all employment and training programs in the Tidewater area. Some laws and regulations which govern the programs contained coordination requirements, but these requirements were frequently either vague or all-encompassing. In many cases no coordination was mandated. Good local labor market data did not exist for use in planning the programs, and making an overall evaluation of such a fragmented, federally assisted effort would be very difficult, if not impossible.

### COORDINATION AMONG PROGRAMS IS A PROBLEM

In examining coordination of programs in the Tidewater area, we found that laws and regulations lacked specificity regarding coordination and that no central source of information existed on all programs in the area. Subsequent to our fieldwork, the CETA Amendments of 1978 were enacted authorizing additional coordination requirements. Our review of the new legislation indicates that it has the potential to help correct some of the problems noted.

### Lack of specificity in coordination requirements

Our review of legislation related to employment and training programs in the Tidewater area revealed a wide range of coordination requirements. Some of the laws did not mention coordination, others contained broad, blanket statements requiring that coordination be done to the extent feasible. For example, laws contained such requirements as

--coordination should be done to the extent practicable,

--programs should be linked to the maximum extent feasible,

- --program agents are to consult with other program agents, and

- --program agents should maintain, where appropriate, linkages to other manpower programs.

Some of the laws implied a form of cooperation by requiring program agents of one program to use facilities that were already available through other programs. Some laws required program agents to coordinate with State agencies, but did not specify the type of coordination or the State agencies to be involved.

Coordination of specific programs has been mandated by law between some Federal departments--such as the Departments of Labor and Health, Education, and Welfare. However, during the time of our fieldwork no agency or department at the Federal, State, or local level had been clearly mandated by law or Federal regulation to coordinate all federally assisted employment and training programs.

Two statutes--the Demonstration Cities and Metropolitan Development Act of 1966 (42 U.S.C. 3334) and the Intergovernmental Cooperation Act of 1968 (42 U.S.C. 4231)--were designed to increase intergovernmental cooperation and coordination by establishing formal communication channels among parties that might be affected by a federally assisted project. The Office of Management and Budget (OMB) implemented the two statutes through OMB Circular A-95. Its purpose was to facilitate intergovernmental cooperation by offering State and local governments the chance to comment on the consistency of federally assisted projects with local policies, plans, and programs.

The circular is based on OMB's premise that communication is fundamental to coordination. If people talk to each other, they can identify common interests and conflicts. Cooperation and negotiation can then take place. The review and comment process is designed to create a climate for intergovernmental cooperation in which coordination is likely to occur.

According to officials of the Southeastern Virginia Planning District Commission, the review procedure provided by OMB Circular A-95 is the primary vehicle for Federal grant planning. The Planning District Commission reviews Federal grant applications from local governments or groups to insure similar activities are not being conducted in the same area. However, the Federal agencies involved do not notify the Planning District Commission whether or not the grant was awarded.

During the time of our fieldwork, CETA provided a strong potential for minimizing the effects of program proliferation at the State level. CETA charged the Governor with the responsibility for developing and carrying out an annual comprehensive manpower plan. The key elements of the plan provided for:

1. Cooperation and participation of all State agencies providing manpower and related services.
2. The sharing of resources and facilities needed to conduct manpower planning.
3. Coordination of employment service programs financed under the Wagner-Peyser Act.
4. Coordination of State activities with local prime sponsor activities.

The State of Virginia provided for consideration of those elements through State agency participation on its Governor's Manpower Services Council.

CETA required that every State which desired to be designated as a prime sponsor establish a State Manpower Services Council. The Governor was responsible for appointing a council chairman and the council members, at least one-third of whom were to be representatives of other prime sponsors in the State. In addition, one representative was to be appointed from each of the following: the State board of vocational education, the State employment service, and any State agency deemed appropriate by the Governor. Representatives were also to be appointed from organized labor, business and industry, the general public, community-based organizations, and the population to be served.

The specific responsibilities of the Council were:

1. To review individual prime sponsor plans and the plans of State agencies, and to make recommendations for more effective coordination.
2. To monitor the operation of programs conducted by each prime sponsor, as well as the availability, responsiveness, and adequacy of other State agency services.

3. To prepare an annual report to the Governor and issue other studies, reports, or documents needed to assist prime sponsors and help carry out the purposes of CETA legislation.

An official of the Governor's Manpower Services Council in Virginia told us that the Council was the principal agent within the State to foster coordination among all employment and training delivery agents in the State. Although the Council was authorized to review the plans of each prime sponsor and the plans of State agencies providing services to those prime sponsors, it lacked the authority to modify the operations of prime sponsors or the State agencies. Thus, the Council was left with only the uncertain powers of persuasion. State Manpower Services Councils 1/ were not given specific authority under CETA legislation to intervene in local prime sponsor systems or to enforce coordination with non-CETA program sponsors.

In reviewing the laws and related Federal regulations for the 44 Tidewater programs, we found:

--Coordination with at least one other employment and training program was actually mandated for only 10 programs.

--Coordination was mandated "to the extent feasible" for 11 programs.

--Coordination was implied, but not specified for 3 programs.

--Coordination was neither mandated nor implied for 20 programs.

This lack of specificity made it difficult to evaluate whether the Tidewater programs were fulfilling their coordination requirements. We had to establish the following criteria to evaluate compliance.

Complete compliance--Those programs that were coordinating to some degree with all other agencies or programs specifically designated in the law or implementing regulation. (This does not imply ideal or needed coordination was taking place.)

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1/The CETA Amendments of 1978 changed the Councils' name to State Employment and Training Councils.

Substantial compliance--Those programs that were coordinating with other agencies or programs even though these agencies or programs may not have been specifically designated by name in the implementing law or regulation. For example, the law or regulation may have stated "other manpower programs."

Partial compliance--Those programs that were coordinating with some of the programs or agencies designated in the law or regulations.

Based on these criteria, the following results were obtained for the 44 Tidewater programs.

| Compliance with law/regulation | Number of programs |
|---|---|
| Complete | 5 |
| Substantial | 2 |
| Partial | 6 |
| Extent of compliance could not be determined because of lack of specificity in law or regulation | 11 |
| No coordination mandated | 20 |
| Total | 44 |

While the extent of compliance could not be determined because the law or regulation lacked specificity for 11 programs, some coordination with other employment and training programs or related activities took place, as was the case for the 20 programs where no coordination was mandated.

None of the laws or regulations specifically mandated coordination with all other employment and training programs in a geographic area. None of the program agents we contacted maintained a list of or even knew of all the employment and training programs in the Tidewater area. For example:

--The Governor's Manpower Services Council cannot identify the number or scope of programs actually operating in Tidewater, even though the Council serves as a point of coordination for manpower programs within the State according to the Council's Chief of Planning.

- --The CETA prime sponsor for the Tidewater area was not aware of all the programs operating within its jurisdiction because not all programs are required to coordinate with the prime sponsor.

These problems are similar to those recognized by the National Commission for Manpower Policy in its report "Manpower Program Coordination" issued in October 1975. The Commission found

> "The CETA legislation places heavy responsibility for coordination on the prime sponsors and the governors without concurrently requiring the non-CETA programs to cooperate."

## Recent legislative changes affecting coordination

The CETA Amendments of 1978 (Public Law 95-524, Oct. 27, 1978) provide an even stronger potential for minimizing the effects of program proliferation. The statement of purpose in the new legislation calls for CETA to

> "* * * provide for the maximum feasible coordination of plans, programs, and activities under this Act with economic development, community development, and related activities, such as vocational education, vocational rehabilitation, public assistance, self-employment training, and social service programs."

The amendments authorizing coordination activities broaden program coordination and reemphasize the importance of coordinating federally assisted employment and training programs. These significant activities include

- --a more descriptive comprehensive employment and training plan in terms of coordination, plus the active participation of the prime sponsors' planning councils in formulating such plans;
- --the review and comment procedures required for prime sponsors' comprehensive employment and training plans;
- --the requirement that the Secretary of Labor notify prime sponsors of special national employment and training progams funded under title III of CETA and, to the extent appropriate, coordinate such programs with prime sponsor programs;

- --the requirement that Governor's coordination and special services activities include coordinating all employment and training, education, and related services provided by the State, by prime sponsors, by State education agencies and other appropriate institutions of vocational and higher education, State, and local public assistance agencies, and by other providers of such services within the State;

- --an increase in funds available to Governors for encouraging coordination and establishing linkages and cooperative efforts; and

- --the requirement that the State Employment and Training Council assess the extent to which employment and training, vocational education, vocational rehabilitation, public assistance, and other programs assisted under this and related acts represent a consistent, integrated, and coordinated approach to meet the employment and training and vocational education needs of the State.

The new legislative changes should encourage State Employment and Training Councils, prime sponsors, and others to improve coordination. Nevertheless, State Employment and Training Councils, although responsible for coordinating all employment and training, education, and related services, are still left with only the uncertain powers of persuasion.

### Lack of a central source of information on programs in the area

Even if laws and regulations are amended to require more effective coordination, program administrators in Tidewater would still face difficulties in identifying programs with which to coordinate. None of the Federal, State, or local officials we contacted maintained a list or knew of anyone else who maintained a list of all programs operating in the area. For example:

- --A Department of Labor regional representative responsible for monitoring employment and training programs in the Tidewater area was not even aware of all employment and training programs available in Tidewater that were funded by Labor.

--The Commissioner of the Virginia Employment Commission said he knew of no single source that could identify all of the programs operating in the Tidewater area, and that many times he learns of new programs in the area through conversations with different people.

If program officials are to coordinate to the maximum extent, they will have to have access to a reliable source of information on the programs they are to coordinate with.

## INADEQUATE DATA TO PLAN AND EVALUATE FEDERALLY ASSISTED EFFORTS

Good planning and evaluation data on employment and training programs are essential if Federal, State, and local officials are to be able to determine the proper direction of the programs, when they have this discretion, and to assess the results of their efforts and identify areas needing improvement. But because of the proliferation of programs in Tidewater, sound planning and effective evaluation of the overall federally assisted effort is not practical.

### Inadequate data for planning programs

CETA accounts for 21 of the 44 programs operating in the Tidewater area. CETA mandated the Secretary of Labor to research, collect, evaluate, and disseminate labor market information. Labor is fulfilling the requirement of providing labor market data through activities of State employment service agencies which, in the case of Tidewater, is the Virginia Employment Commission.

The Employment Commission provides the Tidewater prime sponsor with an annual planning report on the projected occupational needs in the area. The Employment Commission also provides, upon request, data on manpower, employment, and economic developments through various publications to other interested parties.

According to Employment Commission and prime sponsor officials, there are major shortcomings in these reports because:

--The reports are based primarily on old data--the 1970 census--that have been projected to the current year.

--The data for specific geographic areas are developed from overall State data projected to the geographic area. There is no guarantee these data reflect the actual conditions in the local area.

--None of the data is in the degree of detail necessary to determine the actual skills needed by employers or the skill capabilities of the unemployed population.

These shortcomings result in data that are inadequate for planning programs designed to meet the specific needs of employers or the unemployed. The data are useful only as a very general guide on the extent of unemployment in an area based on major industrial classifications. Therefore, program operators do not have reliable data for making planning decisions for specific programs unless a special labor market analysis is made. The Tidewater sponsor plans training programs based on where skill shortages are thought to exist and past experience, including the consideration of programs for which all slots have been filled in the past and programs which provide skills for jobs which have traditionally had a high turnover rate.

Employment Commission officials recognize the shortcomings in the data currently prepared. However, with the constraints of available data and statistical methods they believe they are doing the best they can.

In a July 1976 report to the Congress, 1/ we reported that although the Department of Labor had taken steps to improve the availability of labor market information for CETA sponsors' use, the Department still needed to provide guidance to sponsors on effective measures for collecting such data. We recommended that the Secretary of Labor establish guidelines which could be used by prime sponsors in developing more complete, current, and accurate labor market data through systems that would be worth what they cost.

In responding to our recommendation, the Department said that in lieu of having prime sponsors develop such information independently, it would appear to be more cost effective to expand and improve the State employment security agencies' labor market information capability. The Department noted

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1/"Formulating Plans for Comprehensive Employment Services--A Highly Involved Process," HRD-76-149, July 23, 1976.

that as part of its continuing evaluation and review of its programs, a systematic appraisal of the labor market information effort is being conducted, including its use by groups responsible for local manpower planning.

The problems of a lack of data were also recognized by the National Commission for Manpower Policy in an October 1975 report. The Commission found:

> "* * * The lack of timely, detailed, and localized labor market and economic information has seriously handicapped CETA prime sponsors who must identify target populations and occupations and industries where job openings exist. Many of the local planning data are based on the decennial census or other population surveys which become less accurate and therefore, less relevant as they become more dated * * * The Department's [Labor] work to date has yet to bear fruit from the point of view of state and local planners."

Aside from the fact that good local labor market data do not exist, the proliferation of employment and training programs compounds the efforts of Federal, State, and local planners.

### Difficulties in evaluating results of federally assisted efforts

The proliferation of programs in the Tidewater area makes evaluating the overall results of federally assisted efforts very difficult, if not impossible. One reason for this is that with such a range of programs, there are also substantial differences in program goals/purposes, services provided, and funding methods. Other differences resulted from the wide range in the sizes of the 44 programs. For example, in fiscal year 1977 the number of participants ranged from 2 to as many as 55,468 and funding ranged from $4,867 to $5.8 million. But the vast majority of these programs are designed to provide employment and training services to the unemployed and/or economically disadvantaged.

Although the 44 program agents submit periodic reports on program results, representatives of only 22 of the agents told us that these reports could actually be used to determine program effectiveness.

Following are some of the reasons program agents cited for being unable to use these reports to evaluate effectiveness:

--Numbers are aggregated to the point no one can assess whether results are good or bad.

--Reports are basically number oriented and do not really show what is happening.

--A narrative report would be necessary to show what is happening and what progress has been made by participants.

--The reports are general in nature and further breakouts are required by program personnel to evaluate training results.

--Current formats do not show the full spectrum of the program.

With the large number of programs and the lack of good labor market data, an adequate evaluation of the federally assisted efforts for employment and training in Tidewater would be a costly proposition.

In a July 1977 report on employment and training programs, 1/ the Commission on Federal Paperwork stated that "* * * the Federal Government consistently has addressed manpower problems through uncoordinated programs without adequate measures of program performance * * *." The Commission called for an administrative system for employment and training which would emphasize the development of common definitions, procedures, and techniques to replace the current uncoordinated array. In its report, the Commission stressed the need for developing standard measurements of program performance to replace the current inability to adequately compare program results.

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1/"Employment and Training Programs," Commission on Federal Paperwork, Washington, D.C., 1977.

## CHAPTER 4

## EMPLOYERS' OPINIONS OF FEDERALLY ASSISTED EMPLOYMENT AND TRAINING PROGRAMS

One of the most important tests of the effectiveness of employment and training programs is whether participants actually obtain and keep jobs. In order to do this, employers must be satisfied with the job performance of participants they hire from the programs. Therefore, we sent a questionnaire to a randomly selected sample of employers in the Tidewater area to obtain comments on

--the sources used to obtain employees,

--whether or not a financial incentive is necessary to hire and train those who lack skills and/or experience,

--whether a central source of information on employment needs by occupation would be helpful,

--hiring practices overall versus experience with federally assisted programs,

--whether program participants were retained in jobs, and

--the skills and job performance of participants of federally assisted employment and training programs.

We selected 496 public and private employers from a universe of 10,095 in the Tidewater area. Of the 496 employers surveyed, 289 responded to our questionnaire. We categorized their responses into three profiles--all employers, employers who had hired, and employers who had not hired from the programs (2[illegible] employers either did not know if they had hired from the programs or did not respond to the question).

### OVERALL RESULTS

In responding as to the extent that certain sources are used for obtaining employees, employers cited walk-in applicants and classified ads as the two most frequently used sources. They also indicated that when hiring employees at the entry level, they usually hire trained and experienced personnel over those without training or experience. [illegible] they do hire individuals without training or experience, these individuals acquire the necessary skills through on-the-job training.

Concerning whether employers were contacted by job developers or placement specialists of federally assisted programs, we found that

--46.0 percent had never been contacted,

--23.9 percent were contacted one to three times per year,

--6.9 percent were contacted four to six times per year,

--10.7 percent were contacted over six times per year, and

--12.5 percent did not answer the question.

We found the largest percentage of those contacted--22.5--had been contacted by the Virginia Employment Commission.

Employers were almost evenly divided on the necessity to have a financial incentive to hire and train those who lack skills and/or experience--44.6 percent said yes, while 41.2 percent said no. (The remaining 14.2 percent did not answer the question.) In rating a list of possible incentives, employers rated a salary subsidy for the training period as the best incentive.

We asked employers whether it would be helpful to have a central source of information on employment needs by occupation in the Tidewater area. Forty-three percent said yes, 26.0 percent said no, and 23.2 percent said they did not know. (The remaining 7.8 percent did not answer the question.) However, [illegible] percent indicated a willingness to provide input to such a data base.

## COMPARISON OF EMPLOYERS WHO HAD HIRED FROM FEDERALLY ASSISTED EMPLOYMENT AND TRAINING PROGRAMS TO THOSE WHO HAD NOT

Of the 289 responses received, 25, or 8.7 percent of the employers, indicated that they had hired employees in the past 3 years from federally assisted employment and training programs.

We noted several characteristics of employers who had hired from the programs. When compared to employers who had not hired from the programs, these employers:

--Had hired nearly four times the number of full-time employees in the past 3 years.

--Were larger in size as they employed more employees in all categories from managerial and professional positions to unskilled positions. For example, they employed 3 times the number of managerial and professional employees and 24 times the number of skilled employees.

--Had a greater tendency to use job developers or placement specialists when hiring employees.

Twenty-four employers provided data on employees hired from these programs in the past 3 years (1975 through 1977).

| | Hired | Still on board |
|---|---|---|
| Total | 618 | 138 |
| Range | 1 to 400 | 0 to 93 |
| Average (total ÷ 24) | 25.8 | 5.8 |

Thus, the retention rate for these employees (i.e., those with their employer of original placement) was 22.3 percent. The table below shows employers' comments on the individuals who had participated in the programs.

| Participant characteristics | Percent of employers (note a) | | |
|---|---|---|---|
| | Adequate or better | Borderline | Inadequate |
| Work skills when first reporting to work | 40 | 28 | 8 |
| Willingness to do a full day's work | 48 | 8 | 20 |
| Match of acquired skills to area skill shortages | 40 | 28 | 4 |
| Match of acquired skills to employers' needs | 44 | 20 | 12 |
| Ability to accomplish assigned tasks | 44 | 12 | 16 |
| Ability to work well with others | 64 | 4 | 8 |
| Ready for the world of work | 40 | 16 | 20 |
| Attendance | 36 | 12 | 24 |
| Motivation to do a good job | 36 | 16 | 16 |
| Interest in holding a permanent job | 36 | 12 | 20 |

a/The percentages do not add to 100 because we deleted nonresponsive and no opinion answers.

Data in the two previous tables provide some insight on employers' impressions of federally assisted employment and training programs. While the job retention rate for participants who were hired from these programs was 22.3 percent, employers who commented rated participants' abilities and work as adequate or better much more frequently than inadequate. As the data indicate, however, employers were most critical of employee motivation, attendance, and interest in the job.

When compared to employers who had hired from the programs, we found that employers who had not hired from the programs

--were smaller in size and in number of employees in every category,

--tended to hire more walk-in applicants than from any other source of employees,

--hired an average of 17 persons during a previous 3-year period as compared to an average of 66 persons for those who had hired from the programs,

--had generally not been contacted by job developers or placement specialists involved in federally assisted employment and training programs, and

--cited as the major reasons for not hiring from Federal programs--no referrals by program agents and no applications from participants.

It would appear that even with the proliferation of programs in Tidewater, job development efforts by these programs are being concentrated on the large employers.

## CHAPTER 5

## CONCLUSIONS AND RECOMMENDATIONS

### CONCLUSIONS

Congressional and executive branch action is needed to reform the federally assisted employment and training network. Categorical grant programs dominate the network. Much of the proliferation of categorical programs is attributable to the continuing growth in the number of small, narrowly defined programs. Each has its own target groups and project design and requires separate eligibility criteria and delivery mechanisms.

In the Tidewater, Virginia, area alone there were 44 federally assisted employment and training programs. Collectively, the 44 programs represent a network of special emphasis program categories characterized by programs with similar goals and target groups and a maze of funding and administrative channels. While our review was limited to federally assisted employment and training programs operating in the Tidewater, Virginia, area, it is likely that the problems noted exist in other metropolitan areas in the Nation because virtually all State and local governments receive Federal funds to administer most of the employment and training programs that were identified in the Tidewater area.

The Congress acted in 1973 to address the then complex network of federally assisted employment and training programs funded under different legislative authorities and aimed at different client groups. Its action culminated in the passage of CETA which streamlined the Federal employment and training network by consolidating many different national categorical employment and training programs.

Over the years, however, additional categorical employment and training programs have been established. Through legislation the Congress has enacted more categorical programs in an attempt to solve critical employment and training problems, and through discretionary actions Federal and State agencies have funded numerous categorical programs to help solve specific employment and training problems.

Most programs identified in the Tidewater area are a result of the funding discretion vested in Federal and State agencies. On balance, the variety of employment-related problems that exist may well demand some separate programs.

But, the number of narrowly defined programs and the manner in which they are scattered across many Federal, State, and local agencies raise questions about the overall efficiency of the federally assisted employment and training effort. Such a piecemeal approach can saturate and blanket an area and still not produce optimum results.

The frequently proposed solution to the problems resulting from a multiplicity of somewhat similar Federal assistance programs is improved coordination of program planning and administration. The proliferation of programs underscores the need for coordination, but program agents in the Tidewater area apparently administered programs without full knowledge of what others were doing, i.e., where they were putting their resources and to what extent specific needs were being met. Although some coordination was taking place, no Federal, State, or local organization was responsible for coordinating the efforts of all 44 programs. The sheer number and variety of programs can be a major barrier to achieving the degree of coordination necessary.

The proliferation of programs also makes it very difficult, if not impossible, to evaluate the overall Federal effort. Evaluations can be made but for practical reasons must generally be done on a program-by-program basis. In fact no one knows whether the overall results of Federal efforts are effective in solving employment and training problems.

CETA remains the major Federal effort for providing employment and training services and channels most federally assisted employment and training funds through one local administering agency. Nevertheless, there is a need to consider how the employment and training delivery system can be better organized to effectively deal with the problems noted. Program administrators need to first know what programs are already in an area. This would allow more informed decisions to be made concerning employment and training needs, including the extent to which discretionary local programs should be established for the overall federally assisted effort.

Improved coordination of program planning and administration would help. However, because of the high degree of coordination needed, this must be viewed as a short-range objective. In our opinion, the key to significantly improved program administration is fewer programs and a more streamlined employment and training delivery system.

## RECOMMENDATIONS TO THE DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET

We recommend that the Director, Office of Management and Budget, with the assistance of the Secretary of Labor (1) explore alternatives to streamline the employment and training system, including consolidation of programs where feasible and (2) submit proposed legislation to the Congress for program consolidation where necessary.

Pending results on our first recommendation, we recommend that the Director, Office of Management and Budget, emphasize to the Federal, State, and local agencies that administer employment and training programs, the need to coordinate the planning and operation of all such programs. The potential for more efficient services to the economically disadvantaged through coordinated efforts is obvious.

## RECOMMENDATIONS TO THE CONGRESS

We recommend that the Congress, on the basis of the executive branch's proposals regarding program consolidation, amend employment and training legislation to reduce the number of separate programs.

We also recommend that the Congress, in amending employment and training legislation, ensure that appropriate organizational arrangements are mandated to improve coordination and integration of federally assisted employment and training programs.

## AGENCY COMMENTS AND OUR EVALUATION

We solicited comments from OMB, Labor, the Governor's Manpower Services Council in Virginia, and the CETA prime sponsor in the Tidewater area. Their responses are included in appendixes VI through IX.

OMB's January 15, 1979, comments said our report serves usefully to reaffirm that a substantial number of special purpose employment and training programs have been enacted which now constitute a complex set of programs for State and local governmental entities to administer. OMB also said that the number of programs and the apparent lack of coordination alone are not sufficient to conclude that inefficiencies or waste exist. OMB indicated that they certainly may exist, yet the report fails to substantiate this conclusion.

We do not conclude that inefficiencies or waste exist. Rather, we conclude that the number of narrowly defined programs and the way they are scattered across many Federal, State, and local agencies raise questions about the overall efficiency of the federally assisted employment and training effort. Also, we point out that no one knows whether the overall results of the Federal efforts are effective in solving employment and training problems. Our conclusion is, therefore, consistent with the thrust of what OMB noted, that is, inefficiencies or waste certainly may exist.

OMB said that, if this report clearly documented situations resulting in money not being spent wisely, planners and legislators could then focus on that problem. OMB also said that overall, our findings and recommendations are too general in nature.

We disagree. OMB's response fails to recognize that the problems associated with program proliferation are well documented. In addition to our own work, we cite studies to demonstrate additional and collaborating support. Also, we would like to point out that our review was not designed to prove situations in which money was not being spent wisely. The primary objectives were to identify the federally assisted employment and training effort in one geographic area and to determine whether there was a need for executive and congressional action to streamline the employment and training system.

Our report notes that 44 federally assisted employment and training programs existed--many with similar goals and virtually the same target populations. As we point out, this fragmentation originates in the programs' authorizing legislation and extends through the delivery of services at the local level. Thus, opportunities exist to streamline the administration of the federally assisted employment and training network. One way to streamline this network would be to consolidate programs that have similar objectives into broader purpose programs, and we suggest several possible programs that could be consolidated. However, OMB did not indicate a willingness to study the issue further.

OMB stated that we could use the youth area as an opportunity for an indepth study of possible overlap and duplication which could provide timely hard evidence and the basis for concrete recommendations. OMB pointed out that the Congress has already stipulated that recommendations are required from the executive branch on the integration and consolidation of three new categorical youth programs and other youth and broader training authorities.

It is true that the recently enacted CETA Amendments of 1978 require the Secretary of Labor to report to the Congress proposals for integrating and consolidating three new categorical youth programs and the new private sector initiatives program with the program established under title II of CETA, namely comprehensive employment and training services. We would like to make it clear that in recommending that OMB together with Labor explore alternatives to streamline the employment and training system and submit proposed legislation to the Congress for program consolidation where necessary, we are calling for all employment and training programs to be considered--not simply certain CETA programs. Otherwise, we would merely be recommending a band-aid approach to the problem of program proliferation.

Accordingly, we continue to believe that the complex system of federally assisted employment and training programs funded under different legislative authorities needs to be reexamined. We believe further that the scattering of employment and training programs across many Federal agencies calls attention to the need for OMB to provide overall guidance and leadership. OMB's oversight responsibility of Federal management efforts and Labor's experience in administering employment and training programs place both in a unique position to explore, in addition to possible consolidation of programs, other alternatives to streamline the employment and training system. Until such time that ways are studied to streamline the system, we sacrifice the potential for significant improvements. Implementing our recommendation would help centralize management control and provide a balanced approach to employment and training problems, thus facilitating managers' evaluation of program results.

In commenting on our report, OMB also said that the lack of coordination results largely because no single authority has the statutory mandate to influence the activities of other separately mandated authorities. OMB did not believe that we substantiated that program effectiveness and efficiency would be improved by designating a lead authority.

We did not attempt to substantiate such nor are we advocating that a single authority be designated through a statutory mandate to influence the activities of other

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separately mandated authorities. We simply point out that while State Employment and Training Councils are responsible for coordinating all employment and training programs in a State, coordination is still left to the uncertain powers of persuasion because Councils do not have authority to intervene in local prime sponsor systems or to enforce coordination with non-CETA program sponsors. Coordination alone is not the solution. It must be viewed as a short-range objective. As an interim action we do recommend that OMB emphasize to Federal, State, and local agencies that administer employment and training programs, the need to coordinate the planning and operation of all such programs. We make this recommendation because it will take time to study alternatives to streamline program administration and draft proposed legislation on program consolidation for congressional consideration.

OMB did not agree with our selection of the Tidewater, Virginia, area because it believes that the area is not homogeneous or socially integrated as the report implies. OMB said that the diversity of the standard metropolitan statistical area calls into question the interdependence/interrelatedness of the array of programs identified, upon which the need for coordination is premised.

First, by definition the general concept of a metropolitan area is one of an integrated economic and social unit with a recognized urban population nucleus of substantial size. Virtually all of the population of the Tidewater, Virginia, area is included in a designated standard metropolitan statistical area. Second, the main point of this report is not the need for coordination but the need to simplify a myriad of federally assisted employment and training programs. Finally, all local areas receive Federal assistance to operate most of the same types of employment and training programs that were identified in the Tidewater, Virginia, area.

In its January 16, 1979, comments, Labor agreed to cooperate with any efforts that may result from our recommendation regarding exploring alternatives to streamline the employment and training system. Labor noted that those efforts will, of course, have to be coordinated with other departments concerned with manpower programs.

Labor also said that the report was well researched and documented. Labor commented further that

> "With the major reorganization of 1973 which put into effect the Comprehensive Employment and Training Act, it was anticipated that each jurisdiction would focus on those programs that served its special requirements and that many side-by-side efforts would be eliminated.
>
> "In practice, many prime sponsors [generally State or local governments] have made only limited use of their discretion to weed out programs, consolidate, or effect greater control over coordination of efforts in existence."

We fully agree. Labor's comment tends to reinforce our findings on this subject.

Regarding our recommendation to submit proposed legislation to the Congress for program consolidation where necessary, Labor felt that, before acting on this recommendation, it would seem appropriate to wait to observe the effect of the new CETA amendments which reemphasize, expand, and strengthen coordination requirements.

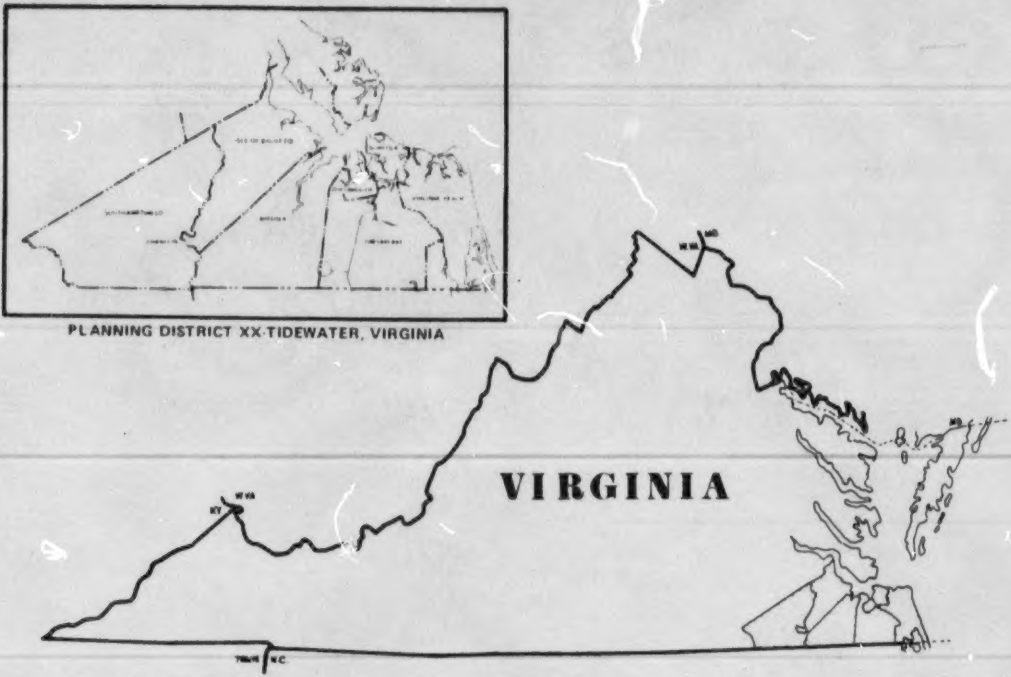
We disagree. It is true that the new CETA amendments broaden program coordination requirements and reemphasize the importance of coordinating federally assisted employment and training programs. The changes in the new legislation should encourage State Employment and Training Councils, prime sponsors, and others to improve coordination. The fact remains, however, that while responsibility to coordinate all employment and training, education, and related services rests with State Employment and Training Councils, they were not given specific authority to intervene in local prime sponsor systems or to enforce coordination with non-CETA program sponsors. Given the sheer number and variety of programs, effective coordination is still difficult at best. We believe that the key to significantly improved program administration is fewer programs and a more streamlined employment and training system.

In its comments, Labor also noted agency actions initiated and planned regarding a new training program on labor market information and CETA planning. These actions, if effectively implemented and carried out, should help to improve planning for federally assisted employment and training efforts. Labor noted further that a redesign of CETA's information system, to become effective in fiscal year 1980, is also planned. This action, however, is confined to CETA programs. Therefore, the need for adequate data to evaluate the federally assisted employment and training effort will continue to be a problem. Until all employment and training program data are viewed in the aggregate, the performance improvements that all employment and training programs yield will not be determinable.

Virginia's January 4, 1979, comments concurred with the basic findings of our study but shared Labor's view regarding allowing time for the new CETA amendments on coordination to demonstrate their effectiveness before making recommendations to the Congress for changes in Federal statutes. Our response to Labor also applies to the State's comment.

Virginia also commented that coordination at the State and local level has been a major area of emphasis and will continue to be so in the future. It said, however, that the success or failure of the local coordination system must rest with the prime sponsor. We do not fully agree. Planning at the local level also has vertical aspects because certain employment and training programs are funded and/or delivered by Federal and State agencies. Therefore, the vertical aspects of planning and hence coordination require both Federal and State agency involvement in concert with local agencies. We believe that local agencies cannot be expected to achieve coordination when it is lacking or limited at the Federal or State level.

The Southeastern Tidewater Area Manpower Authority, the local CETA prime sponsor, also provided comments by letter dated December 18, 1978. These comments have been recognized in the report, where appropriate.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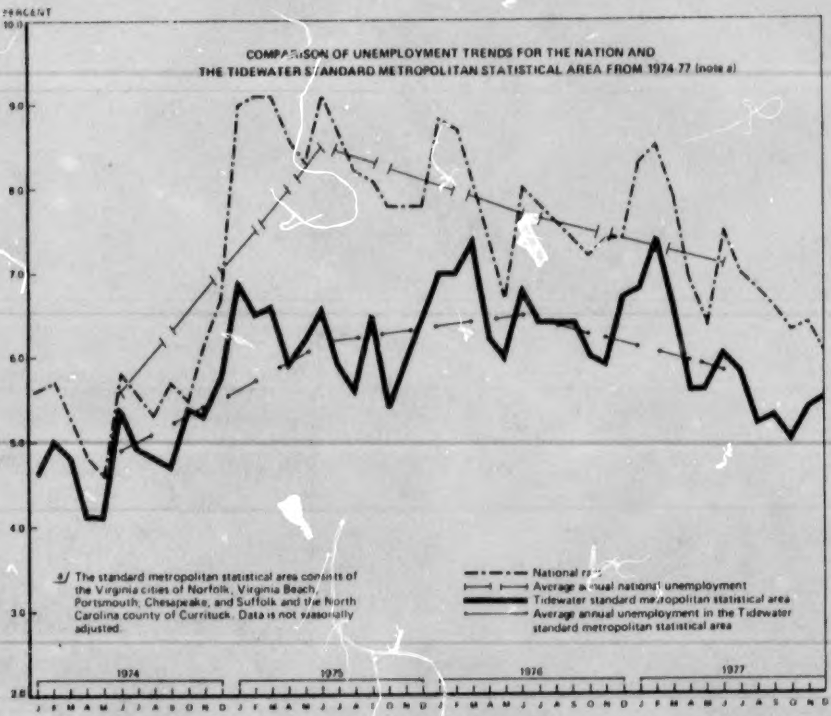
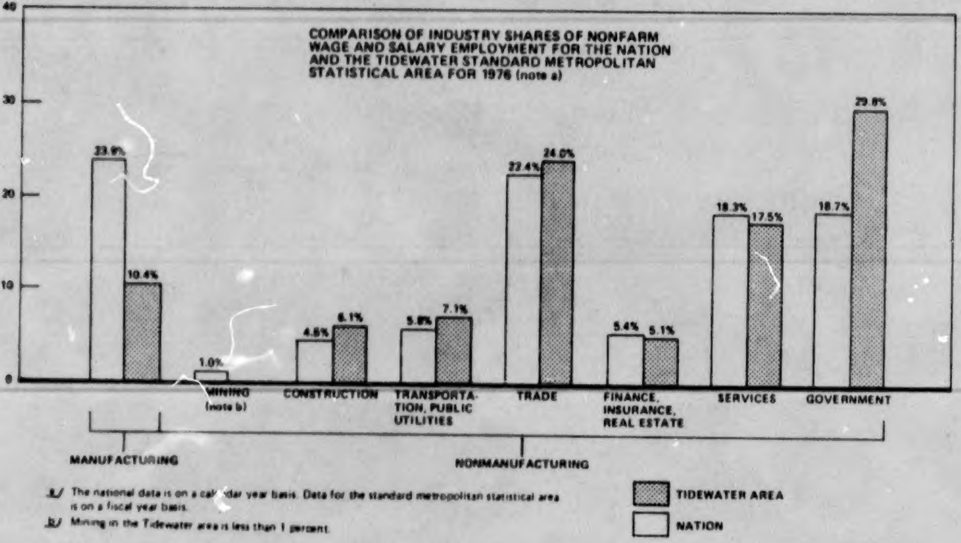
PLANNING DISTRICT XX-TIDEWATER, VIRGINIA



COMPARISON OF UNEMPLOYMENT TRENDS FOR THE NATION AND THE TIDEWATER STANDARD METROPOLITAN STATISTICAL AREA FROM 1974-77 (note a)

a/ The standard metropolitan statistical area consists of the Virginia cities of Norfolk, Virginia Beach, Portsmouth, Chesapeake, and Suffolk and the North Carolina county of Currituck. Data is not seasonally adjusted.



COMPARISON OF INDUSTRY SHARES OF NONFARM WAGE AND SALARY EMPLOYMENT FOR THE NATION AND THE TIDEWATER STANDARD METROPOLITAN STATISTICAL AREA FOR 1976 (note a)

a/ The national data is on a calendar year basis. Data for the standard metropolitan statistical area is on a fiscal year basis.

b/ Mining in the Tidewater area is less than 1 percent.

## FEDERALLY ASSISTED EMPLOYMENT AND TRAINING PROGRAMS IN THE TIDEWATER, VIRGINIA, AREA FUNDED DURING FISCAL YEAR 1977 UNDER SPECIFIC PROVISIONS MANDATED BY FEDERAL LAW

| Program title | Legislative authority | Administering agency Federal | State | Local | Purpose of the program and group served | [illegible] | [illegible] |
|---|---|---|---|---|---|---|---|
| Comprehensive Manpower Services | Comprehensive Employment and Training Act of 1973 (29 U.S.C. 801) | Department of Labor | - | Southeastern Tidewater Area Manpower Authority (STWAA) | To provide job training and employment opportunities for economically disadvantaged, unemployed, and underemployed; and to assure that training and other services lead to maximum employment opportunities and enhance self-sufficiency by establishing a flexible, decentralized system of Federal, State, and local programs. | 3,063,244 | [illegible] |
| Vocational Education | Comprehensive Employment and Training Act of 1973 (29 U.S.C. 822) | Department of Labor | Governor's Manpower Services Council | Southeastern Tidewater Area Manpower Authority | To supplement the institutional cost of vocational classroom training and services provided the unemployed, underemployed, or economically disadvantaged. | [illegible] | [illegible] |
| Public Service Employment | Comprehensive Employment and Training Act of 1973 (29 U.S.C. 841) | Department of Labor | - | Southeastern Tidewater Area Manpower Authority | To provide unemployed and underemployed persons with transitional employment in jobs providing needed public services and, wherever feasible, related training and manpower services to enable such persons to move into unsubsidized jobs. | [illegible] | [illegible] |
| Summer Program for Economically Disadvantaged Youth | Comprehensive Employment and Training Act of 1973 (29 U.S.C. 874(a)(3)) | Department of Labor | - | Southeastern Tidewater Area Manpower Authority | To provide summer employment, training, counseling, and job orientation for economically disadvantaged youth ages 14 through 21 | [illegible] | [illegible] |

## FEDERALLY ASSISTED EMPLOYMENT AND TRAINING PROGRAMS IN THE TIDEWATER, VIRGINIA, AREA FUNDED DURING FISCAL YEAR 1977 UNDER SPECIFIC PROVISIONS MANDATED BY FEDERAL LAW

| Program title | Legislative authority | Administering agency: Federal | Administering agency: State | Administering agency: Local | Purpose of the program and group served | Fiscal year 1977: [illegible] | Fiscal year 1977: [illegible] |
|---|---|---|---|---|---|---|---|
| Emergency Jobs Program | Comprehensive Employment and Training Act of 1973 (29 U.S.C. 962) | Department of Labor | - | Southeastern Tidewater Area Manpower Authority | To provide transitional employment for unemployed and underemployed persons in jobs providing needed public services, and training and manpower services related to such employment which are otherwise unavailable, and enable such persons to move into unsubsidized jobs. | [illegible] | [illegible] |
| Work Incentive Program (WIN) | Social Security Act (42 U.S.C. 630), Revenue Act of 1971 (26 U.S.C. 31 et. seq.), Tax Reform Act of 1976 (26 U.S.C. 50A), Unemployment Compensation Amendments of 1976 (42 U.S.C. 601 et. seq.) | Department of Labor; Department of Health, Education, and Welfare | Virginia Employment Commission, State Dept. of Welfare | Local Virginia Employment Commission and Welfare Offices | To move men, women, and out-of-school youth (ages 16 and older), from dependency on aid to families with dependent children (AFDC) grants to economic independence through meaningful permanent, productive employment by providing training, placement, and other related services supplemented by supportive services. | [illegible] | [illegible] |
| Vocational Rehabilitation for the Handicapped | Rehabilitation Act of 1973 (29 U.S.C. 701) | Department of Health, Education, and Welfare | Department of Vocational Rehabilitation | Department of Vocational Rehabilitation Regional Office | To develop and implement comprehensive and continuing State plans for meeting the current and future needs for providing rehabilitation services to handicapped individuals so they may prepare for and engage in gainful employment. | [illegible] | [illegible] |
| Vocational Rehabilitation for the Visually Handicapped | Rehabilitation Act of 1973 (29 U.S.C. 701) | Department of Health, Education, and Welfare | Virginia Commission for the Visually Handicapped | Commission for the Visually Handicapped District Office | To provide the same services to the visually handicapped as provided by the Vocational Rehabilitation for the Handicapped program. | [illegible] | [illegible] |

### FEDERALLY ASSISTED EMPLOYMENT AND TRAINING PROGRAMS IN THE TIDEWATER, VIRGINIA, AREA FUNDED DURING FISCAL YEAR 1977 UNDER SPECIFIC PROVISIONS MANDATED BY FEDERAL LAW

| Program title | Legislative authority | Administering agency |  |  | Purpose of the program and group served | Fiscal year 1977 |  |
|---|---|---|---|---|---|---|---|
|  |  | Federal | State | Local |  | [illegible] | Participants served |
| On-the-Job Training for Veterans | Vietnam Era Veterans' Readjustment Assistance Act of 1972 (38 U.S.C. 1787) | Veterans Administration | Committee on Veterans Education | - | To provide eligible veterans with apprenticeship or other on-the-job training opportunities. | $ [illegible] | [illegible] |
| Vocational Rehabilitation for Disabled Veterans | Vietnam Era Veterans' Readjustment Assistance Act of 1972 (38 U.S.C. 1502) | Veterans Administration | - | - | To train disabled veterans for the purpose of restoring employability. | [illegible] | [illegible] |
| Trade Adjustment Assistance-Workers | Trade Act of 1974 (19 U.S.C. 2271) | Department of Labor | Virginia Employment Commission | Virginia Employment Commission Offices in Portsmouth, Chesapeake | To provide eligible unemployed workers with job help in adjusting to their changed economic conditions caused by import competition. Job assistance includes weekly trade adjustment assistance (cash benefits), training, counseling, job referral, and job search and relocation allowances. | [illegible]<br>[illegible]<br>[illegible] | [illegible]<br>[illegible]<br>[illegible] |
| Employment Services | Wagner-Peyser Act of 1933 (29 U.S.C. 49) and the Social Security Act of 1935 (42 U.S.C. 501) | Department of Labor | Virginia Employment Commission | Virginia Employment Commission Offices | To place persons in employment by providing a variety of placement-related services to job seekers and to employers seeking qualified individuals to fill job openings. | [illegible] | 55,761 |
| Apprenticeship Training | National Apprenticeship Act of 1937 (29 U.S.C. 50) | Department of Labor | Bureau of Apprenticeship and Training State Office | Bureau of Apprenticeship and Training Local Office | To establish and promote the adoption of labor standards necessary to safeguard the welfare of apprentices, by bringing together employers and labor to plan and sponsor apprenticeship programs; to approve and register programs; and give employers technical assistance on training. Services are provided for high school graduates 26 years and under by establishing programs rather than direct placement. | [illegible] | Not available |
| Total for the 13 programs |  |  |  |  |  | [illegible] | [illegible] |

Funding [illegible]

$ 87,[illegible]

## FEDERALLY ASSISTED EMPLOYMENT AND TRAINING PROGRAMS IN THE TIDEWATER, VIRGINIA, AREA FUNDED DURING FISCAL YEAR 1977 BY DISCRETIONARY ACTIONS OF FEDERAL OR STATE AGENCIES UNDER GENERAL PROVISIONS OF FEDERAL LAW

| Program title | Legislative authority | Administering agency | | | Purpose of the program and group served | [illegible] funding | [illegible] participants served |
|---|---|---|---|---|---|---|---|
| | | Federal | State | Local | | | |
| Skill Training Employment Placement-Upward Progress Program (STEP-UP) | Comprehensive Employment and Training Act of 1973 (29 U.S.C. 816(c)(5)) | Department of Labor | Governor's Manpower Services Council | Norfolk Office for STEP-UP | To assist offenders, especially females, in obtaining employment. | 18,[illegible] | [illegible] |
| Joint Venture—Vocational Rehabilitation of the Mentally Retarded | Comprehensive Employment and Training Act of 1973 (29 U.S.C. 816(c)(5)) | Department of Labor | Governor's Manpower Services Council | Southeastern Virginia Training Center | To deinstitutionalize the mentally retarded. | [illegible] | 7[illegible] |
| Project Link | Comprehensive Employment and Training Act of 1973 (29 U.S.C. 816(c)(5)) | Department of Labor | Governor's Manpower Services Council | Norfolk Project Link Office | To provide prescriptive job placement and follow-up activities for the work ready mentally retarded. | [illegible] | 6[illegible] |
| Work Adjustment Services for the Handicapped | Comprehensive Employment and Training Act of 1973 (29 U.S.C. 816(c)(5)) | Department of Labor | Governor's Manpower Services Council | Norfolk Goodwill Industries | To provide work adjustment training for the handicapped in a sheltered work shop setting prior to placement in the competitive market | 7,[illegible] | 12 |
| Offenders Employment Assistance Program (OEAP) | Comprehensive Employment and Training Act of 1973 (29 U.S.C. 816(c)(5)) | Department of Labor | Governor's Manpower Services Council | Norfolk Office of OEAP | To develop jobs and place male offenders. | [illegible] | [illegible] |

## FEDERALLY ASSISTED EMPLOYMENT AND TRAINING PROGRAMS IN THE TIDEWATER, VIRGINIA, AREA FUNDED DURING FISCAL YEAR 1977 BY DISCRETIONARY ACTIONS OF FEDERAL OR STATE AGENCIES UNDER GENERAL PROVISIONS OF FEDERAL LAW

| Program title | Legislative authority | Administering agency | | | Purpose of the program and group served | Fiscal year 1977 | |
|---|---|---|---|---|---|---|---|
| | | Federal | State | Local | | Funding | Participants served |
| Youth Opportunity Pilot Project | Comprehensive Employment and Training Act of 1973 (29 U.S.C. 816(c)(5)) | Department of Labor | Governor's Manpower Services Council | Norfolk Redevelopment & Housing Authority | To provide basic work experience, training, education, development, counseling, and economic and career exploration for youths ages 14 through 19. | [illegible] | 47 |
| On-the-Job Training for the Mentally Retarded | Comprehensive Employment and Training Act of 1973 (29 U.S.C. 816(c)(5)) | Department of Labor | Governor's Manpower Services Council | - | To provide on-the-job training for mentally retarded citizens with an I.Q. of 80 or less. | [illegible] | [illegible] |
| National On-the-Job Training | Comprehensive Employment and Training Act of 1973 (29 U.S.C. 871) | Department of Labor | - | Appalachian Regional Council area Office | To provide on-the-job training to disadvantaged individuals. | 95,71[illegible]<br>69,0[illegible] | 74<br>[illegible] |
| Skill Conversion and Apprenticeship Entry | Comprehensive Employment and Training Act of 1973 (29 U.S.C. 871) | Department of Labor | - | Internat'l Union of Operating Engineers Local Union #147 | To provide new and better skills for economically disadvantaged and/or unemployed and/or underemployed persons in the construction industry. | 7[illegible],4[illegible] | 40 |
| Apprenticeship Outreach Program | Comprehensive Employment and Training Act of 1973 (29 U.S.C. 871) | Department of Labor | - | Hampton Roads Building and Construction Trades Council | To recruit, motivate, guide, and assist primarily minorities to gain entrance into the skilled construction trade apprenticeship programs. | [illegible] | [illegible] |

## FEDERALLY ASSISTED EMPLOYMENT AND TRAINING PROGRAMS IN THE TIDEWATER, VIRGINIA, AREA FUNDED DURING FISCAL YEAR 1977 BY DISCRETIONARY ACTIONS OF FEDERAL OR STATE AGENCIES UNDER GENERAL PROVISIONS OF FEDERAL LAW

| Program title | Legislative authority | Administering agency |  |  | Purpose of the program and group served | Fiscal year 1977 |  |
|---|---|---|---|---|---|---|---|
|  |  | Federal | State | Local |  | Funding | Participants served |
| On-the-Job Training | Comprehensive Employment and Training Act of 1973 (29 U.S.C. 871) | Department of Labor | - | National Alliance of Businessmen Metro Office | A partnership of business, labor, education, and Government working to secure jobs and training for veterans, needy youth, and ex-offenders. | [illegible]2,520 | Not available |
| Migrant and Seasonal Farmworkers Program | Comprehensive Employment and Training Act of 1973 (29 U.S.C. 873) | Department of Labor | - | Migrant & Seasonal Farmworkers Assoc.; Zuni, Virginia | To provide necessary services to help migrant and seasonal farmworker families find economically viable alternatives to seasonal agricultural labor, and to assist others who may remain seasonal agricultural workers. | [illegible]6,960 | 42 |
| Vocational Exploration Program | Comprehensive Employment and Training Act of 1973 (29 U.S.C. 874) | Department of Labor | - | Human Resources Development Institute Local Office, Norfolk; Norfolk Development Corporation | To enable employers and unions to develop local summer programs for disadvantaged youth, ages 16 through 21, to provide them with the educational opportunity to explore various occupations and to understand the forces that operate in the world of work. | 49,174 | 94 |

## FEDERALLY ASSISTED EMPLOYMENT AND TRAINING PROGRAMS IN THE TIDEWATER, VIRGINIA, AREA FUNDED DURING FISCAL YEAR 1977 BY DISCRETIONARY ACTIONS OF FEDERAL OR STATE AGENCIES UNDER GENERAL PROVISIONS OF FEDERAL LAW

| Program title | Legislative authority | Administering agency: Federal | State | Local | Purpose of the program and group served | Fiscal year 1977: Funding | Participants served |
|---|---|---|---|---|---|---|---|
| Elevator Industry Recruitment and Training Program | Comprehensive Employment and Training Act of 1973 (29 U.S.C. 871) | Department of Labor | - | Local 52 Elevator Contractors Union | To provide on-the-job and classroom training to assist minorities and others enter the elevator industry. | $9,204 | 15 |
| Job Development and Placement | Comprehensive Employment and Training Act of 1973 (29 U.S.C. 871) | Department of Labor | - | Human Resources Development Institute Local Office Norfolk | To work with unions to develop jobs and refer individuals to the employment service. | 73,000 | Not applicable |
| Job Corps | Comprehensive Employment and Training Act of 1973 (29 U.S.C. 911) | Department of Labor | Virginia Employment Commission | Virginia Employment Commission Local Offices | To assist low-income youth ages 14 through 21 to gain the education and skills necessary for employment and to provide placement services after training. | a/72,575 | 550 |

a/ Amount shown includes only recruitment and placement costs as Job Corps training centers are located outside the Tidewater area.

## FEDERALLY ASSISTED EMPLOYMENT AND TRAINING PROGRAMS IN THE TIDEWATER, VIRGINIA, AREA FUNDED DURING FISCAL YEAR 1977 BY DISCRETIONARY ACTIONS OF FEDERAL OR STATE AGENCIES UNDER GENERAL PROVISIONS OF FEDERAL LAW

| Program title | Legislative authority | Administering agency | | | Purpose of the program and group served | Fiscal year 1977 | |
|---|---|---|---|---|---|---|---|
| | | Federal | State | Local | | Funding | Participants served |
| Employment for Seniors | Social Security Act (42 U.S.C. 3020) | Federal Regional Council | Virginia Employment Commission | Virginia Employment Commission Local Offices | To help persons 55 and older find suitable jobs by providing job placement and referrals, counseling, and other services. | $ [illegible] | 26[illegible] |
| Youth Conservation Corps - Back Bay | Youth Conservation Corps Act of 1972 (16 U.S.C. 1701) | Department of the Interior | Virginia State Board of Education | Back Bay National Wildlife Refuge | To further the development and maintenance of the Nation's national resources by providing gainful employment for youth ages 15 through 18 on Federal lands and improving the environmental understanding of youth. | 16,400 | 14 |
| Youth Conservation Corps - Dismal Swamp | Youth Conservation Corps Act of 1972 (16 U.S.C. 1701) | Department of the Interior | Virginia State Board of Education | Dismal Swamp National Wildlife Refuge | (Same as Back Bay program.) | 28,000 | 25 |
| Job Opportunities Program | Public Works and Economic Development Act of 1965 (42 U.S.C. 3246) | Department of Commerce | Office of Economic Development | City of Norfolk | To provide emergency financial assistance to stimulate, maintain, or expand job creating activities in urban and rural areas suffering from unusually high levels of unemployment. Clients are low income or economically disadvantaged individuals from the designated project area. | 71,[illegible] | 17 |
| Highway Supportive Services Program | Federal-Aid Highway Act of 1970 (23 U.S.C. 140) | Department of Transportation | Virginia Department of Highways and Transportation | Virginia Employment Commission Norfolk | To provide supportive services such as recruiting, counseling, and remedial training to support the highway construction on-the-job training program for minorities and women. | 56,836 | 45 |

## FEDERALLY ASSISTED EMPLOYMENT AND TRAINING PROGRAMS IN THE TIDEWATER, VIRGINIA, AREA FUNDED DURING FISCAL YEAR 1977 BY DISCRETIONARY ACTIONS OF FEDERAL OR STATE AGENCIES UNDER GENERAL PROVISIONS OF FEDERAL LAW

| Program title | Legislative authority | Administering agency | | | Purpose of the program and group served | Fiscal year 1977 | |
|---|---|---|---|---|---|---|---|
| | | Federal | State | Local | | Funding | Participants served |
| Highway Supportive Services Program | Federal-Aid Highway Act of 1970 (23 U.S.C. 140) | Department of Transportation | Virginia Department of Highways and Transportation | Urban League Field Office | To recruit, screen, and refer for placement; provide supportive services; and followup to minorities and disadvantaged individuals for employment and training in highway construction. | 67,609 | 44 |
| Operation Manpower | Urban Mass Transportation Act of 1964 (49 U.S.C. 1605) | Department of Transportation | - | Appalachian Regional Council Area Office | To develop and test basic training programs involving the recruiting, skill development and upgrading of personnel in various jobs needed in the transit industry, particularly in small bus companies. Groups to be served include veterans, minorities, and the unemployed, underemployed or economically disadvantaged. | 16,214 | (b) |
| Federal Employment for Disadvantaged Youth-Part-Time | Civil Service Act (5 U.S.C. 3302) | Civil Service Commission | - | Local Federal agencies | To give disadvantaged young people, ages 16 through 21, an opportunity for part-time employment with Federal agencies so they may continue their education without financial interruption. | Not available | Not available |
| Federal Employment for Disadvantaged Youth-Summer | Civil Service Act (5 U.S.C. 3302) | Civil Service Commission | - | Local Federal agencies | To give disadvantaged young people, ages 16 through 21, an opportunity for meaningful continuous summer employment. | Not available | Not available |

b/At the time of our fieldwork, no participants had enrolled in the program because program agent's survey to identify training needs was still in process.

## FEDERALLY ASSISTED EMPLOYMENT AND TRAINING PROGRAMS IN THE TIDEWATER, VIRGINIA, AREA FUNDED DURING FISCAL YEAR 1977 BY DISCRETIONARY ACTIONS OF FEDERAL OR STATE AGENCIES UNDER GENERAL PROVISIONS OF FEDERAL LAW

| Program title | Legislative authority | Administering agency<br>Federal | <br>State | <br>Local | Purpose of the program and group served | Fiscal year 1977<br>Funding | <br>Participants served |
|---|---|---|---|---|---|---|---|
| Senior Community Service Employment Program - Norfolk | Title IX of the Older Americans Act of 1965 (42 U.S.C. 3056) | Department of Labor | - | National Retired Teachers Assoc. - American Assoc. of Retired Persons, Norfolk | To provide, foster, and promote useful and part-time work opportunities in community service activities for unemployed low-income persons ages 55 and over who have poor employment prospects. | 24,500 | 36 |
| Senior Community Service Employment Program - Isle of Wight County | Title IX of the Older Americans Act of 1965 (42 U.S.C. 3056) | Department of Labor | - | Seashore State Park and Isle of Wight County | To provide, foster, and promote useful and part-time work opportunities in community service activities for unemployed low-income persons ages 55 and over who have poor employment prospects | 9,887 | 23 |
| Norfolk Public Works Employment Project | Title I, Public Works Employment Act of 1976 (42 U.S.C. 6707) | Department of Commerce | Office of Economic Development | City of Norfolk | To provide employment opportunities for unemployed and underemployed persons in areas of high unemployment through construction or renovation of useful public facilities. | 182,000 | 140 |
| Portsmouth Public Works Employment Project | Title I, Public Works Employment Act of 1976 (42 U.S.C. 6707) | Department of Commerce | Office of Economic Development | City of Portsmouth | (Same as Norfolk project.) | 799,913 | 193 |

## FEDERALLY ASSISTED EMPLOYMENT AND TRAINING PROGRAMS IN THE TIDEWATER, VIRGINIA, AREA FUNDED DURING FISCAL YEAR 1977 BY DISCRETIONARY ACTIONS OF FEDERAL OR STATE AGENCIES UNDER GENERAL PROVISIONS OF FEDERAL LAW

| Program title | Legislative authority | Administering agency | | | Purpose of the program and group served | Fiscal year 1977 | |
|---|---|---|---|---|---|---|---|
| | | Federal | State | Local | | Funding | Participants served |
| Senior Companion Program | Domestic Volunteer Service Act of 1973 (42 U.S.C. 5011) | ACTION | Virginia State Office on Aging | South-eastern Virginia Area Model Project | To provide part-time opportunities for low-income persons, age 60 and over to render supportive person-to-person services to adults with special or exceptional needs, including services to adults having developmental disabilities or other special needs for companionship. | 152,203 | 53 |
| Indochinese Manpower Program | The Indochina Migration and Refugee Assistance Act of 1975 (22 U.S.C. 2601(b)) | Department of Health, Education, and Welfare | - | St. Mary's Catholic Church, Norfolk | To provide job related English language training and skill development to refugees from Cambodia, Vietnam, and Laos who have resettled in the United States. | 33,201 | 179 |
| Total for the 31 programs | | | | | | [illegible],326,903 | 2,445 |
| Grand total for the 44 programs | | | | | | $24,217,978 | 70,604 |

APPENDIX V

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
[illegible] WASHINGTON, D.C. 20503

JAN 15 1979

Mr. Allen R. Voss
Director
General Government Division
General Accounting Office
Washington, D.C. 20548

Dear Mr. Voss:

This is in reply to your letter of November 6, 1978 to James McIntyre wherein you request the OMB to comment on the draft report entitled "Federally Assisted Employment and Training: Need to Simplify a Myriad of Programs." We appreciated the opportunity to review this report. Following are comments offered for your consideration.

First, the report serves usefully to reaffirm a generally held understanding that there has been a substantial number of special purpose employment and training programs enacted, which now constitute a complex set of programs for State and local governmental entities to administer. We believe, however, that the number of programs and the apparent lack of coordination by itself is not sufficient to draw the conclusion that inefficiencies or waste exist. They certainly may, yet the report fails to substantiate this conclusion. Perhaps, for example, if this report clearly documented situations resulting in money not being spent wisely, planners and legislators could then focus on that problem. Overall, the findings and recommendations are too general in nature.

Second, lack of coordination in this area results largely because no single authority has the statutory mandate to influence the activities of other separately mandated authorities. If it were substantiated that program effectiveness and efficiency would be improved by designating a lead authority, corrective legislation could be proposed. The report does not make the case, nor does it offer clear guidance on how to judge which program authority should have superseding authority if that were appropriate. In the near term there are circumstances where specific needs of overriding importance may dictate categorical measures.

For example, four new categorical youth programs were begun in 1977 in response to immediate concerns about youth unemployment. Authorization for three of them expire in 1980. Congress has already stipulated that recommendations are required from the Executive Branch on integration and consolidation of these and other youth and broader training authorities prior to consideration of reauthorization. GAO could use the youth area as an opportunity for an in-depth study of possible overlap and duplication. This could provide timely hard evidence and the basis for concrete recommendations that is lacking in the current report.

With respect to study methodology, we recognize the resource and time benefit of targeting an inquiry in one representative metropolitan area of the U.S. However, the area selected for the study (Tidewater Planning Region) is not homogeneous or socially integrated as the report implies. It reflects an array of settlement patterns, diverse economic activity, large geographic area and dispersed population concentrations. These factors call into question the interdependence/interrelatedness of the array of programs identified in the report, upon which the need for coordination is premised. In this connection it may be beneficial to examine more than one metropolitan area and focus on a universe of programs already identified as competing. We believe this will strengthen any case for revision of programs in this area in contrast to a study which selects a SMSA which is as diverse as the Tidewater area.

[See GAO note.]

If you or your representative would like to discuss our views further, please feel free to contact Thomas L. Hadd, Intergovernmental Relations Division (395-5156).

Thank you again for the opportunity to comment on the draft report.

Sincerely,

John White
Deputy Director

GAO note: Deleted comment refers to material contained in the proposed report which has been deleted in the final report.

U.S. DEPARTMENT OF LABOR
OFFICE OF THE SECRETARY
WASHINGTON

JAN 1 6 1979

Mr. Gregory J. Ahart
Director, Human Resources Division
United States General Accounting Office
Washington, D.C. 20548

Dear Mr. Ahart:

The draft GAO report, Federally Assisted Employment And Training: Need to Simplify a Myriad of Programs is well researched and documented. Its conclusions with respect to the substantial number of Employment and Training Administration programs currently in existence are valid, as is the observation that they involved a considerable number of Federal Government Departments and Agencies. The Department of Labor notes the recommendation to the OMB to "explore alternatives to streamline the employment and training system, including consolidation of programs where feasible with the assistance of the Secretary of Labor." The Secretary will cooperate with any efforts that may result from this recommendation. They will, of course, have to be coordinated with other Departments concerned with manpower programs. As indicated in the report, implementation of the second recommendation--to "submit proposed legislation to the Congress for program consolidation where necessary" --would have to depend on the outcome of the first effort. It would also seem appropriate to allow time to observe the effect of the new Comprehensive Employment and Training Act (CETA) amendments before acting on this recommendation.

The Department would like to raise the following additional points with respect to the above. The GAO Report accurately traces the history of manpower programs, a history which is closely linked to the social and economic changes that have occurred in this country since 1962. Comprehensive, tightly structured and controlled Federal programs of the early days gradually gave way to those that were able to respond more quickly to particular needs resulting from changing conditions or from an increasing awareness of existing needs. But, as a result, the number of programs proliferated. With the major reorganization of 1973 which put into effect the Comprehensive Employment and Training Act, it was anticipated that each jurisdiction would focus on those programs that served its special requirements and that many side-by-side efforts would be eliminated.

In practice, many prime sponsors have made only limited use of their discretion to weed out programs, consolidate, or effect greater control over coordination of efforts in existence. As a result, the provisions for coordination originally incorporated in CETA Sections 103, 104 and 105 were reemphasized, expanded and strengthened under the 1978 amendments.

In addition, other actions have been initiated since the time of the GAO investigation which should ameliorate some of the conditions referenced to in the report. Thus, in line with ETA's desire to establish guidelines which may be used by prime sponsors in developing and utilizing labor market information, the Department has developed and field tested a new training program on Labor Market Information and CETA planning. Over the next year, close to 1,000 planners on staffs of the 460 prime sponsors will attend a 4-day course coordinated by ETA's Regional Offices.

A redesign of the CETA information system, to become effective FY 1980, is also planned. It will take into account reporting changes mandated by the CETA amendments, including items dealing with program effectiveness as well as other changes necessary for program management purposes.

We appreciate the opportunity to have reviewed this report.

Sincerely,

R. C. DeMarco
Inspector General-Acting

Enclosure

COMMONWEALTH of VIRGINIA
Office of the Governor
Richmond 23219

Maurice B Rowe
Secretary of Commerce and Resources

January 4, 1979

Mr. Gregory J. Ahart, Director
U. S. General Accounting Office
Human Resources Division
441 G Street, N.W.
Washington, DC 20548

Dear Mr. Ahart:

I have reviewed your draft study of Federally assisted employment and training programs in the Southeastern Tidewater Manpower Authority area. While I concur with the basic findings of the study, it would be premature to draw final conclusions on program coordination from the present study. The recently enacted CETA Amendments of 1978 appear to substantially increase the coordinative responsibilities at the local level and tend to ameliorate the problem with Nationally funded CETA programs in local areas. Likewise, the establishment of a Private Industry Council under Title VII of the CETA Amendments should insure a better integration of employment and training programs in the private sector. Therefore, it would be more appropriate to give the new system an opportunity to demonstrate its effectiveness prior to making recommendations to the Congress on changes in Federal statutes.

Coordination at the State and local level has been a major area of emphasis with our Council and will continue to be so in the future. In an effort to eliminate the proliferation of job developers visiting private employers, we recently established a policy on this matter (copy attached). It is hoped that this will lead to positive steps in the reform of some of the problems you described in your study. However, you must recognize that our overall ability to provide assistance in the development of coordination at the local level is limited by constraints on time and staff availability. The ultimate success or failure of the local coordinative system must rest with the prime sponsor.

If I can be of further assistance please contact me.

Sincerely,

Maurice B. Rowe

Maurice B. Rowe

[illegible] GOVERNOR'S MANPOWER SERVICES COUNCIL

## POLICY STATEMENT 79-01

I. **Reference:**

Section 107(b)(2), Comprehensive Employment and Training Act of 1973.

II. **Purpose:**

To provide policies and procedures to be used in the coordination of job development activities.

III. **Background:**

a. The cited reference requires the Council to make recommendations to prime sponsors and State agencies on ways to improve the effectiveness of employment and training programs or services.

b. In many instances, employers have expressed concern over the large number of job developers from State agencies, contractors of prime sponsors, and others that call upon them about job openings. This unfortunate situation frequently results in a refusal on the part of employers to deal with any job developer and works to the detriment of the client.

IV. **Policy:**

State agencies and programs with a job development component and prime sponsors will contact the Virginia Employment Commission (VEC) for the purpose of developing a local plan of action for the coordination of job development where one does not exist. This agreement may include but is not limited to the establishment of a central clearinghouse for job development activities and the establishment of a joint employer-job development working group to facilitate coordination with the business community.

The VEC will be designated as the lead agency to coordinate job development activities in the local area.

11-22-78
Date

Maurice B. Rowe, Chairman

SOUTHEASTERN TIDEWATER AREA
MANPOWER AUTHORITY

JANAF EXECUTIVE BUILDING • SUITE 300 • P.O. BOX 12973 • NORFOLK, VIRGINIA 23502 • TELEPHONE (804) 461-3948

December 18, 1978

Mr. Gregory J. Ahart
Director
U. S. General Accounting Office
Human Resources Division
Washington, D. C. 20548

Dear Mr. Ahart:

Please find enclosed comments on the draft report of the Federally Assisted Employment and Training: Need to Simplify Myriad of Programs.

Sincerely,

Marcellus C. Heath, III
Executive Director

MCH:fle

Enclosure

CITIES OF CHESAPEAKE-FRANKLIN-NORFOLK-PORTSMOUTH-SUFFOLK & VIRGINIA BEACH AND COUNTIES OF ISLE OF WIGHT AND SOUTHAMPTON

| SECTION REFERENCED | COMMENTS |
|---|---|
| Page iii | Need to clarify the reference to local administration as having accounted for two-thirds of the twenty-four million but only having administrative responsibility for five programs. The statement as it now stands severely misrepresents local CETA administration. |
| Page v | The results of the survey of employees should be specified as from those employers surveyed.<br>The job retention rate is not representative of program accomplishments when used without an indication of former CETA participants still employed although not with the employer of original placement. The result as stated ignores the realities of labor market behavior. |
| Page 17 | The chart is technically accurate, however, it does not show coordination which does exist specifically between the local prime sponsor and the GMSC on four percent (4%) funded programs. That same deficiency exists in the narrative body of the report. |
| Page 34, Paragraph 4 | Employers will respond to a questionnaire based logically upon what they know. It must bear some credibility to realize that CETA clients do not wear labels and would be difficult to identify who came from CETA and who did not. I suspect the employer response is more indicative of employer participation in private sector OJT and hires from that program. |
| Page 39-40 | This section on program coordination is a bit too simplistic. The problem stems from legislated delivery systems that may or may not intermingle at the level of implementation. The need to coordinate is not in response to program proliferation per se, but in response to service delivery structures that should be most useable to the targeted client. If legislation is fraught full of compromise and inadequate planning then so will the end product be. Specific linkages with specific purposes and supported by the federal agencies involved with implementation should be the path toward resolution. |

GAO note: Page references to the draft report were changed to correspond to page numbers in the final report.

(20593)

☆U.S. GOVERNMENT PRINTING OFFICE 1979-631-428

## SYNOPSIS

of

## UNITED STATES GENERAL ACCOUNTING OFFICE

Report dated May 24, 1976

By Gregory J. Ahart, Director

on

## THE OPERATION OF THE FEDERAL-STATE EMPLOYMENT SERVICE SYSTEM

BY: Dr. Robert O. Snelling, Sr.

This report clearly and undeniably castigates the United States Employment Service and its 2400 State Employment Offices and its 28,400 employees for their unbelievably poor showing.

a. They are placing virtually no one, and this is especially true of the unemployed. Although they claim to have placed 3.1 million out of 18.5 million applicants, or 17% in permanent positions, the facts of the report show that it is more like placing 385,000 out of 18.5 million, or 2% (page 4). Fifty-eight percent of the applicants did not even get a job referral, counseling or service of any kind (page 3). Sixty to eighty-five percent of the applicants placed themselves (page 8). Only 8% of their placements were unemployment compensation claimants (page 4). Yet for 25% of the jobs they had on file, they also had three or more qualified applicants in their files, and 43% of the jobs on file had at least one qualified applicant in their files (page 10). They admit their placements dropped from 6.6 million in 1966 to 3.1 million in 1975 (page 21), but blame it on other jobs they were required to do. In view of the fact that the bulk of these placements were temporary in nature (see paragraph b), their demise in placements was due to the amazing growth of the temporary help industry (private enterprise) in this country during the same period. The temporary help industry employed over 2,000,000 people most of whom were placed on more than one assignment with a payroll totaling over 1.5 billion.

b. They are falsifying their figures by huge amounts in order to obtain more federal funds. This amounted to well over $2 million in one state alone (page [illegible]). Fifty-six percent of the people who they claimed they had placed said the state had not placed them (page 5). Fifty-two to sixty-six percent of those claimed as permanent placements, over 150 days, were not (page 6). The U.S.E.S. claims 5% of the nation's placements (page 22). Their number of claimed placements, 3.1 million (page 4) would then interpolate into an astounding 62 million placements. Additionally, the U.S.E.S. claims one-third of the job-seekers use them (page 21). They claim that 18.5 million job-seekers use them (page 3.) This would mean an astounding 55.5 million job-seekers. Therefore, the 3.1 million is patently false, since it is inconceivable that 65 to 73% (depending on which of their figures you choose to use) of our 85 million work force would change permanent jobs in one year. On the other hand, using their own figures (see paragraph f) a placement record of 385,000 permanent jobs would be more in keeping and result in a 7.7 million permanent job changes per year, or approximately 12 to 14% of our work force.

c. They are unilaterally, without proper legislation, changing their objective from placing the unemployed to placing the employed. While 86% of their applicants are within 10 miles of their present offices, they are planning on and moving to open new offices in suburban areas away from those unemployed applicants (page 9). They openly admit they are more effective in placing persons who are not unemployment compensation claimants (page 16), and they readily admit they are changing their focus from the intent of the Wagner-Peyser Act from placing the unemployed to the "job ready" employed (page 20 and 21).

d. Allowing the unemployed who desire to do so to rip off the nation by not applying the "work test" rules, they managed to file a complaint against only 3% of the 6.5 million unemployment compensation claimants on the work test. And only 1% of the 6.5 million claimants were denied benefits (page 13). They are not even requiring unemployment compensation claimants to register for jobs (page 15 and 16), and G.A.O. considers the work rule as ineffective (page 24).

e. In an effort to expand their already burgeoning bureaucracy, they are expending a costly $100 million plus, which amounts to an over 20% increase in their budget, on a computer system that does not work. The results of the computerized search for referrals at their top office in the nation were no different than results from offices doing a manual search (page 11). The actual computer matches are no good; 80% were not usable (page 12). The computer is not even being used in the offices where it is in service (page 12). The G.A.O. has said that the computers have not proven feasible (page 23), however, the U.S.E.S. intends to utilize them regardless (page 22).

f. Their ineffective service is costing the nation over $1,000 per placement, which is way above what private enterprise would charge to do the same job. U.S.E.S. claims they have placed 3.1 million at an estimated cost of $491 million (although the figure is probably much higher) for a cost per placement of $158.00 (page 22). The G.A.O. study shows that 50% of 3.1 million placements is an outright falsification (page 5), thus the placements should actually have been 1.55 million. The study showed that 50% of those claimed as permanent placements (over 150 days) were in fact not. This reduces the number of placements another 775,000 leaving 775,000 actual placements (page 6). They did admit that 50% of their placements were expected to last under 150 days (some as short as 3 days). This reduces the 775,000 to about 385,000 (page 6). Dividing this into the $491 million estimated cost brings the cost per placement to $1,270.

## Irregularities Claimed

# U.S. Studying State Job Service Charges

TULSA SUNDAY WORLD

Tulsa, Oklahoma, Sunday, January 30, 1977

By CHUCK ERVIN
World Capitol Bureau

OKLAHOMA CITY — Two federal agencies have confirmed they are studying allegations of illegal activities in the Oklahoma Employment Service.

The Oklahoma City office of the FBI confirmed it is making preliminary inquiries to determine if an investigation is warranted.

A spokesman for the U.S. Labor Department's regional office in Dallas also said it will soon begin checking on the state agency as a result of complaints about operations in the employment service.

[illegible], a Labor Department employe in Dallas, shied away from the word "investigation" but said the federal agency will soon begin a "validation audit" to determine if job placements claimed by the employment service are valid.

If large numbers of invalid placements turn up, the inquiry would be broadened to include charges that massive falsification of records have taken place in the state agency.

It was learned that the Labor Department received an anonymous complaint, alleging illegal practices, including falsification of job placement reports and records.

Gov. David Boren's office has received a similar complaint.

A spokesman for the governor said he has asked the employment service to check into the allegations and that he has been assured that the agency will work with the Department of Labor to conduct an audit.

Although the employment service is a state agency, it is funded by the federal government through the Department of Labor.

The number of job placements is one factor in determining the amount of funds going to the employment service.

The FBI inquiry is to determine if fraud statutes have been violated.

Sources in the employment service, who asked not to be identified, have charged that top-level officials in the agency have ordered false job placement records to be made.

They claim records were falsified and that nearly 1,000 job placements claimed by the state agency are fraudulent.

Names and other information were obtained for the false placements, the sources alleged, from records maintained by the Comprehensive Economic Training Act (CETA) program in Oklahoma City.

CETA is a federal job training and placement program that attempts to place persons in public and private jobs.

The employment service has a full-time employe who works with the CETA program in Oklahoma City.

It can legitimately claim as job placements persons that have applied for jobs through the employment service.

Most of the allegations against the employment service involve a CETA summer youth program.

Walter Rapp, the chief administrator for the Oklahoma Employment Security Commission, denied that any commission employe had ever been instructed to falsify agency records. In fact, he said, employes are under specific orders to guard against errors in reporting agency activities at all times.

In addition, Rapp said, validation audits are made regularly by OESC personnel and the Labor Department.

"There is always the possibility of human error," he said, "but we feel we have an adequate system of checks and balances to keep erroneous information to a minimum."

He said the last Labor Department audit of OESC records showed the agency had an error rate far below the national average.

Both Rapp and OESC chairman John Ray Green, of Duncan, said an investigation would be welcomed.

A similar complaint was made against the employment service last year when Stephen A. Fletcher, an employment office worker in Norman, brought suit against the agency in District Court.

Fletcher claimed that he was transferred after the Norman office was ordered by "superiors" to file reports taking credit for job placements it hadn't made.

Joe Logan, head of the Employment Service division that includes Tulsa and Oklahoma City, said that an in-house investigation by the state agency did not turn up any wrongdoing.

Fletcher dropped his suit, and Logan later announced that a settlement had been reached.

Logan said Fletcher later resigned

RECEIVED
R. O. S.

UNITED STATES GENERAL ACCOUNTING OFFICE
Washington, D.C. 20548

# STATEMENT OF
# GREGORY J. AHART, DIRECTOR, MANPOWER AND WELFARE DIVISION
# BEFORE THE
# SUBCOMMITTEE ON MANPOWER AND HOUSING
# HOUSE COMMITTEE ON GOVERNMENT OPERATIONS
# ON
# THE OPERATION OF THE FEDERAL-STATE EMPLOYMENT SERVICE SYSTEM

Mr. Chairman and Members of the Subcommittee we are pleased to be here today to discuss the results of our review of the operation of the Federal-State Employment Service System. Our discussion today will focus primarily on those specific matters in which you have expressed particular interest and provide some background and our suggestions for improving the program. We plan to discuss

1. The general performance level of the Service in terms of statistical indicators.
2. Our observations with regard to the use being made of the Job Information Service.
3. The results of the use of computers by local Service offices to match applicants with job openings.
4. The effectiveness of the Service as a means of applying the work-test requirement for unemployment insurance recipients.
5. The efforts being made by the Service to obtain more job listings through better service to prospective employers.

Our review was conducted at 15 local Service offices in eight metropolitan areas: Los Angeles, California; Denver, Colorado; Chicago, Illinois; New Orleans, Louisiana; Camden, New Jersey; Philadelphia, Pennsylvania; Dallas, Texas; and Salt Lake City, Utah. These locations were selected to provide a broad geographic distribution of metropolitan areas with varying unemployment rates. Two local offices--one urban and one suburban--were selected in each area visited, except in Salt Lake City where only an urban office was selected. That office accounted for nearly half of Utah's activity.

We also sent questionnaires to a random sample of 800 employers, 600 applicants whom local offices had reported as being hired, and 600 applicants who were still seeking employment through the Service, asking them to comment on their relationship with the Service, other placement sources, and their evaluation of how effective the Service was in meeting their needs. We received and evaluated replies from 570 employers and 762 applicants.

## BACKGROUND

The Service was established under the Wagner-Peyser Act in 1933 to serve as a labor exchange for persons seeking work and employers with jobs to fill. The Service is a cooperative Federal-State system of over 2,400 local employment offices in the 50 States, Puerto Rico, Guam, the Virgin Islands, and the District of Columbia. In addition to finding jobs for people and people for jobs, the Service also makes available counseling, testing and other manpower services to job seekers. Services offered to employers include assistance in developing job skill requirements and providing labor market information.

In addition to its labor exchange mission, the Service is involved in the administration of 21 other laws, 11 Executive Orders, and 14 agreements with various Federal agencies, which require the performance of specific duties relating to special target groups such as Vietnam era veterans, the handicapped, recipients of financial assistance under the Aid to Families with Dependent Children program, food stamp recipients and workers engaged in training under the Comprehensive Employment and Training Act. A major responsibility of the Service is to administer the so-called work-test for unemployment insurance claimants. The law establishing the Insurance program has been interpreted to require availability for employment as a precondition for eligibility to collect unemployment compensation.

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The Department of Labor allocates funds to the States for Service operations primarily by means of a Balanced Placement Formula. The formula is used to allocate funds based on performance. Since the formula ties directly to performance, it is intended to serve as an incentive for the continuing improvement of both quantity and quality of services rendered. The formula also serves as an instrument to assist State agencies in evaluating their performance.

Although funding for the Service's activities has increased over the last 10 years, the number of staff positions has remained fairly constant, decreasing slightly in recent years. In fiscal year 1967, about $287.9 million was obligated, funding about 31,500 positions. In fiscal year 1976, the Department estimates it will obligate about $517.4 million to fund 28,400 staff positions.

## PERFORMANCE OF THE SERVICE

The Employment Security Automated Reporting System is the Department of Labor prescribed statistics gathering system for the Service. It is designed to provide data on the characteristics of individuals served and on the services provided to them.

National data showed that during fiscal year 1975 about 18.5 million persons applied to the Service for assistance. Our analysis of the data showed that about 10.8 million or 58 percent of the 18.5 million applicants did not receive service of any kind, that is, did not receive job referral, counseling, or testing.

Using the national data we compared the Service's performance in fiscal year 1975 in placing applicants in jobs and filling job openings listed by employers with the goals established by the Department of Labor.

Our comparison showed that the Service had placed 3.1 million or 17 percent of its 18.5 million applicants in jobs. This performance was below the established goal of 22 percent. On the other hand, the Service had exceeded the Department's established goal of filling 60 percent of the job openings listed by employers. Data showed that 5.8 million or 73 percent of the 7.9 million job openings were filled. The difference between the data on placements, 3.1 million applicants, and jobs filled, 5.8 million, results from the fact that many of the jobs listed are for a short duration. For example, about 53 percent of the jobs listed with the Service were expected to last less than 5 months. Consequently, many applicants were placed in several jobs during the year.

Most of the placements were in relatively low paying jobs. For example, 55 percent of the placements during fiscal year 1975 were in jobs paying less than $2.50 an hour. Also, many of the jobs listed with the Service were with employers who were not subject to the Federal minimum wage laws. ($2.10 an hour in 1975.) We noted that about one-third of the placements made in fiscal year 1975 were in jobs which paid $2.00 an hour or less.

Of the 18.5 million persons registered with the Service, 6.5 million were unemployment insurance claimants. The Service found jobs for only 550,000 or 8.5 percent of the total claimants registered with the Service. The relatively low success rate in placing claimants is evidenced by the fact they comprised 35 percent of the total number of applicants, yet accounted for only about 18 percent of the persons placed in jobs.

As previously stated, the Employment Security Automated Reporting System is the Department of Labor prescribed statistical data gathering system for the Service and is the only source from which information on performance can be obtained. During our review, we noted that the data did not always accurately reflect performance. A Department study of 1974 placement data in four States also showed errors had occurred in the accumulation of the data.

### Errors in placement data

At each of the eight metropolitan offices we visited, we sent questionnaires to 75 randomly selected applicants who had been recorded by the office as being placed in a job during February 1975. One of the purposes of the questionnaire was to verify that the applicants had found a job through the Service office. Of the 600 questionnaires sent, we received responses from 337 persons. Only 189, or 56 percent, of those responding stated that they had actually been placed in a job by the Service offices. The remaining respondents stated they did not find jobs or found jobs by other means.

Service officials said that reporting errors can occur in several ways including:

--Applicant was hired but never reported for work. The local office may have verified that the applicant was hired but did not follow up to determine if the applicant actually entered on the job.

--Employer did not hire the applicant. The local office recorded the placement without verifying that the applicant was hired.

--Clerical or keypunch error. The local office erroneously input the referral result as hired or recorded the wrong applicant as being placed.

A Department study of fiscal year 1974 data in Illinois, New Mexico, North Carolina, and Oregon also identified invalid placements. The study showed that about 5,000, or 15 percent, of 34,000 reported placements in the four States were invalid. The report identified major causes of erroneous placements which were similar to those I just described.

In addition to overstating the number of placements, we found that the data did not always accurately reflect the duration of the jobs filled. The Service categorizes placements by expected duration--1 to 3 days, 4 to 150 days, and over 150 days. The job duration is determined at the time a job order is received from an employer and is based on the employer's opinion as to how long the job will last. The Department considers placements expected to last over 150 days as permanent jobs.

To test the actual duration of permanent placements, we randomly selected 328 reported placements in jobs expected to last over 150 days, and telephoned the employers 30 days after the reported hire date. After one month, only 52 percent of the applicants were still working. The Department's study showed similar results--about 15,600, or 66 percent, of almost 24,000 persons reported placed in permanent jobs were not longer employed at the end of 150 days.

Effect of inaccurate reports

State and local office managers use the Employment Security Automated Reporting System data to compare their performance with established goals each quarter. The Department requires that any unfavorable variances be explained and corrective actions taken. Errors in performance reports affect these evaluations and could result in inappropriate management decisions.

The Department allocates about 60 percent of Service funds to the States on the basis of their reported performance[1] A State's funding depends on how its performance compares to the national average. Because the formula consists essentially of measures of individuals served, job orders filled and the duration of the jobs, errors in performance data directly affect the funds received by States. To illustrate, we recomputed one of the larger State's funding allocation for fiscal year 1976, assuming that it overstated individuals placed and jobs filled by 10 percent, and the duration of placements by 25 percent. Under these assumed overstatements of performance this State's funding would have increased by about $2 million or 6.5 percent of its $30.7 million allocation.

JOB INFORMATION SERVICE

The Job Information Service is a technique whereby an applicant can review job openings and be referred to one he selects without an extensive interview and registration process. The applicant does much of the job screening usually done by interviewers in individualized service. Service offices using the Information Service usually make available to interested applicants a display of available job listings on bulletin boards or TV-like viewers.

The Department introduced the Information Service concept on a national basis in 1971 after successful experiments in 10 cities. These experiments showed that 35 to 40 percent of an office's applicant workload could be adequately served by the Information Service with a minimum of assistance from office personnel. In 1975, a Department official estimated that at offices using the Information Service, 60 percent of the placements could be attributed to the system.

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[1] The remaining 40 percent is allocated on a specific funding basis for activities such as rent, postage, and other nonplacement items .

The Department engaged a contractor in 1975 to examine the use of the Information Service in local offices. A mail survey and follow-up telephone survey by the contractor in August 1975 indicated that about 1,000 of the approximately 2,400 Service offices had some type of Information Service, varying from a single viewer or hard copy of job orders to many viewers and job search materials. Available information also showed that the use of the Information Service varied among States. For example, only 3 of 43 offices in Massachusetts reportedly used the system compared with 20 of 22 Connecticut offices. The Information Service was reportedly not used in large metropolitan areas such as New York City, Indianapolis, and Oklahoma City.

Thirteen of the 15 offices we reviewed used the Information Service to varying degrees. The remaining two offices did not use the system. At the total of seven offices located in Dallas, Denver, Los Angeles, and Salt Lake City, applicants were encouraged to use the self-service screening system and it accounted for many referrals. For example, about 85 percent of the referrals at one office in Los Angeles resulted from the Information Service. It was used less at each of the two offices in Chicago and Philadelphia. These offices relied more on interviewers matching applicants with the jobs and the Information Service was not as large a factor in making referrals. For example, at a Chicago office, only 10 percent of the referrals to jobs were attributed to the self-service system. Although the two New Jersey offices were equipped to operate an Information Service, the job data that was displayed was a week old and not useful to the applicants. As a result the system was not used. The two offices we reviewed in New Orleans did not have an Information Service and relied totally on interviewers matching applicants with the jobs.

Because the Information Service requires that an applicant visit the Service office, we included in our questionnaire to applicants questions concerning the accessibility of the offices to the applicants. Based on the results of the questionnaire we found that 86 percent of the applicants lived within 10 miles of an office, and 73 percent resided within 20 minutes of the offices. Most of the applicants responding to our questionnaire advised that the self-service system was easy to use and a good way to present available jobs.

During our discussions with managers of offices using the Information Service all but one stated that without it more staff would be needed to maintain the present level of service. For example, at the Denver urban office, which relies heavily on the Information Service, the manager estimated that his present staff of 24 would have to be increased to about 50 persons if the system was not used. Most managers stated that in addition to freeing personnel, the Information Service

--enables applicants to review and consider a wider range of jobs;

--lets applicants quickly determine if a suitable job opening is available;

--increases the number of job referrals; and

--increases the frequency of applicants visiting the Service.

We found that over two-thirds of the job referrals occurred while the applicant visited a Service office and was served by the Information

Service and/or individualized service. The remaining referrals resulted from a process called file search.

File search occurs when, in the applicant's absence, an interviewer uses a previously completed application to match the applicant with a job opening. File search can sometimes produce referrals to jobs not filled by persons visiting an office. However, the effectiveness of file search is hampered by the volume and quality of applications, lack of time, and difficulty in contacting applicants.

We randomly selected 375 unfilled job orders--25 at each of the 15 local offices--and searched applicant files to see how many applicants were suitable for each job order. Our file search revealed that there was at least one applicant qualified for 160, or 43 percent of the 375 unfilled jobs. In addition, there were three or more qualified applicants for 25 percent of the jobs.

Service office personnel generally agreed that the matches we made were valid. They said they had not made the matches primarily because of insufficient time available for file search.

There were other problems with regard to the effectiveness of file search as a means of matching job openings with qualified applicants.

Applications at some offices were often not useful for file searching either because the applicants were no longer seeking employment or because the applications did not contain sufficient information on the applicants' qualifications. For example, 69 of the 100 applications we reviewed in New Jersey were not useful for file search for these reasons. About 90 percent of the applications reviewed in the two Chicago offices did not show the applicant's minimum acceptable salary.

We also found that file search is often unproductive because applicants when matched with job openings often cannot be reached to refer them to the jobs. At each of the 15 offices, we randomly selected 50 active applicants and attempted to reach them by telephone. About two-thirds of the 750 applicants could not be reached or were not available for job referral. The primary reasons included no phone, the phone was out of service, or the person was already employed. In Utah, the Service notified applicants by mail about possible job referrals if they did not have telephones. Like the telephone contacts, the response rate to the mail cards was about 25 percent.

COMPUTERIZED JOB MATCHING

A computerized matching system is basically one of automated file search in which a computer matches a job's requirements with applicants' qualifications. The Department began computer matching experiments in four States--New York, Wisconsin, California, and Utah--in the 1960's. The Department established a 5-year plan starting in fiscal year 1976 to expand computerized matching nationwide at an estimated cost of $100 million.

We found that the effectiveness of computerized job matching, like manual file search, is limited by the volume of applications, time factors, and difficulty in contacting applicants. We included Salt Lake City in our review because the Department considered it to have an excellent computerized matching system. We found that the computer accounted for 29 percent of the job referrals at the Salt Lake City office--a level not substantially different from the levels achieved by offices performing manual file search.

Utah officials stated that about 60 percent of the computer matches were not used because interviewers

- --determined the match was not suitable because of such factors as the registrant's work history, or attitude, or transportation problems, or
- --were too busy serving applicants in the office to review computer matches.

The officials estimated that half of the remaining matches were not used because the Service was unable to contact the registrants to refer them to jobs.

The Salt Lake City office had about 20,000 applications on file in the computer. Although the computer's speed handled this volume, the matches that resulted included persons not actively seeking or available for work. We also observed that interviewers did not have time to review all job matches.

We randomly selected 50 active applicants and attempted to reach them by telephone. Thirty-nine or 78 percent of the applicants we selected either could not be contacted or were not available for a referral. Nine of the 20 persons we were able to contact were no longer seeking employment.

The computer does not guarantee that all possible referrals will be made. We selected 24 jobs which the Salt Lake City office had not filled. Each job had been open for at least 5 days. With the help of Service personnel, we used the computer to match available applicants to the jobs. Twenty-nine suitable applicants were available for 9 of the 24 job openings. The Salt Lake City office had referred only one person to one of the nine jobs.

## EFFECTIVENESS OF WORK-TEST

In order to collect unemployment insurance a claimant must meet the requirements of the "work-test" rule. The rule requires a claimant to be available for and actively seeking suitable work. To comply with the work test rule applicants are generally required to register with the Service.

The Department's operating instructions require the Service to report to the Unemployment Insurance office any information it obtains regarding a claimant's availability for work. The Service is to report instances when a claimant:

--refuses a referral or does not respond to a request to come in for a referral;

--does not appear for a job interview;

--declines a job offer;

--does not report for work after accepting a job; or

--by some action or statement leads the Service to question his availability for work.

During fiscal year 1975, the Service reported to Unemployment Insurance offices on about 206,000 claimants who may not have complied with the work-test. Only about 60,000, or 29 percent, of these reports resulted in claimants losing benefits. These persons represented about 1 percent of the 6.5 million claimants registered with the Service. Many eligibility questions do not result in disqualification from benefits because Unemployment Insurance office staff (1) cannot obtain sufficient evidence that a claimant did not appear for a job interview and (2) are uncertain about what claimant actions indicated unavailability for work.

We examined 331 randomly selected Service reports questioning claimants' eligibility of which only 30 resulted in disqualification of benefits. In many instances the claimant was not disqualified because the reports could not be substantiated. For example, claimants often stated that they appeared for job interviews and the Unemployment Insurance office staff could not obtain substantive evidence from the prospective employer that the claimant did not appear. Also, the staff often excused claimants when they did not appear for a job interview because the claimants said the job location was inconvenient or the pay inadequate. This occurred despite the fact the claimants knew the location and wages of the jobs before accepting referrals.

Other factors which influence the effectiveness of the Service as a means of applying the work-test rule are the relatively low paying jobs that are listed and the fact that certain groups of claimants generally cannot benefit from Service assistance. As stated previously, the Service has had relatively little success in finding jobs for claimants--placing only 550,000 or 8.5 percent of the approximately 6.5 million claimants during fiscal year 1975.

The low pay of many jobs listed at the Service makes it difficult to refer and place claimants. For example, in the eight States reviewed the average weekly insurance benefit for a single person ranged from 59 to 94 percent of the average wage after taxes of jobs listed at the Service.

The Department specifically identified the following groups of claimants who could be exempted from Service registration for purposes of the work-test requirements: (1) claimants having a continuing job attachment with reasonable assurance that employment will be resumed, (2) workers who perform jobs available exclusively through unions in which they are in good standing, and (3) individuals in occupations where placement customarily is made by other nonfee charging placement facilities such as professional associations.

Studies sponsored by the Department between 1969 and 1973 showed that about 40 percent of all claimants would not appreciably benefit from employment assistance from the Service, and therefore their registration would not constitute a valid work-test. Applying the results of these studies to the workload of 16 States for fiscal year 1973, the Department estimated that these States completed 1.4 million work registrations for claimants in this category.

In cases where registration with the Service does not provide a work-test, other means can be used to provide reemployment assistance to claimants and legitimately apply the work-test. For example, the Department has suggested that Unemployment Insurance office staff conduct periodic indepth eligibility interviews with claimants geared toward determining their active work search efforts. In addition, these interviews can be used to provide information to the claimant about the job market.

Efforts to reduce workload

Several States attempted to reduce the registration workload in various ways during fiscal years 1974 and 1975. California adopted a temporary policy to accommodate the increased workload generated by a high unemployment situation. For example, the suburban Los Angeles office completed detailed applications only for:

--claimants with occupations for which 10 or more job openings were currently available;

--recently discharged veterans who were also claimants; and

--food stamp recipients.

The time spent on applications decreased 30 percent with the policy change. However, this registration policy was scheduled to end when unemployment normalized.

In Dallas the offices registered most claimants, but allowed them to review job listings or request interviewer assistance on a voluntary basis. We observed during a 3-day test period that about 40 percent of the claimants chose not to consider the jobs listed at the Service.

On October 1, 1974, New Jersey ended mandatory Service registration of claimants. Instead, the State invited claimants to register with the Service if they wanted or needed help in finding a job. New Jersey compared the experience of the first 6 months under the new policy with the same period during the previous year. Total registrations decreased by over 50 percent, but New Jersey was able to place nearly the same number of individuals during the test period as it did during the previous period. This occurred despite a 32 percent drop in the number of jobs listed which was largely attributable to an increased unemployment rate. The director of the New Jersey agency drew the following conclusions from the study.

--The Service is much more effective in placing persons who are not claimants.

--Claimants who voluntarily register are more likely to be placed than involuntary registrants.

--The Service can provide a more effective placement service to both applicants and employers under the voluntary registration system.

The Director also stated that the reduced registration workload allowed 40 personnel to be diverted from registering applicants to placement activities. He believed that 2,400 fewer placements would have occurred if the 40 reassigned personnel had to complete registrations instead of being freed to perform placement duties.

## EMPLOYER SERVICES

The primary purpose of the employer services program is to generate an inflow of job openings in the volume and occupational variety necessary to satisfy the job needs of applicants.

One of the principal elements in a good employer relations program is personal contact with potential employers to encourage their use of the Service for meeting their personnel requirements.

At the time of our review, the Department had not established staffing standards for employer relations at local offices. Understandably, the level of local employer relations activities varied considerably at the locations we visited.

During 1975 the Department drafted employer relations guidelines which it plans to distribute to the State agencies. The guidelines recommend that local offices should contact, by phone and/or personal visits, 25 to 46 percent of the employers in the area they serve. Selection of employers included in the contact program is to be based on placement potential indicated by factors such as (1) number of workers employed, (2) turnover rates, (3) nature and quality of openings and (4) need for placement service. A Department official advised us further that each employer included in the employer contact program should be phoned or visited a minimum of four times a year.

In Philadelphia and New Jersey, employer service representatives were assigned by local offices. At the Philadelphia suburban office, two representatives were responsible for about 500 small employers and 150 larger employers in the area. They visited about 15 percent of the small employers and a third of the larger employers each month. In addition, they contacted about 200 more employers by telephone each month. In contrast, the Camden and Burlington, New Jersey offices devoted few resources to employer services. At the Camden office one representative was assigned to service all 4,700 employers in the area; while at the Burlington office with 3,000 employers in the area, no employer representative was assigned.

Los Angeles and Denver present a similar contrast in service levels. Both localities operated regional employer service offices which were responsible for areas served by several local offices.

The office serving the Los Angeles suburban area had approximately 18,000 employers in its jurisdiction--three representatives serviced the area. Each month they visited about 400 employers in person and called about 100 others. The office serving the urban Los Angeles area allotted 4.5 personnel positions for serving 27,000 employers and making 500 contacts each month. If the new Department employer relations guidelines had been in effect during fiscal year 1975, the office serving the Los Angeles suburban area would have to have contacted between 1,500 and 2,800 employers each month, and the urban office between 2,300 and 4,100. Service officials stated that additional personnel were not available to provide the needed employer relations services.

Denver maintained a higher level of employer relations activities. Both offices in Denver were served by staff assigned to the same regional office which was responsible for about 20,000 employers. The office was staffed with an employer relations supervisor, nine employment service representatives, and four staff assistants. In a typical month the staff contacted about 1,200 employers by telephone or in person.

A good employer relations program also involves providing the kind of service to employers that will create confidence in the Service as a reliable source for meeting all of their personnel needs.

We sent questionnaires to 800 employers to obtain their views on the effectiveness of the Service. Analysis of the 570 returned questionnaires showed that although employers are not charged for services, almost 60 percent of the employers did not list all their job openings with the Service. We compared the type of jobs employers listed to the occupations of persons they employed, and found that most respondents employing clerical workers, laborers, and equipment operators listed those kinds of jobs with the Service. However, only 10 percent of the employers having managerial employees listed that kind of position. Similarly, less than 25 percent of the employers with professional positions, for example accountants and engineers, listed these openings.

We asked employers to rate the effectiveness of referral services in terms of applicants' qualifications, the number of referrals sent, and timeliness for each of nine job classes. Employers ranked skilled workers, managers, and professionals as the three occupations least effectively serviced; and service workers, laborers, and equipment operators as the most effectively served groups.

Most employers did not rank the Service as their first choice for referrals. They ranked newspaper ads and referrals by existing employees ahead of the Service.

We randomly selected a total of 369 job orders which had not been filled at the 15 offices reviewed. Telephone contacts with the employers disclosed that 279 (76 percent) of the jobs had been filled by other means. Newspaper ads, personal referrals, walk-ins, and private agencies were the major sources of referral. About one-third of the employers said they were dissatisfied with the Service primarily because of the poor quality of applicants referred and an insufficient number of referrals.

All the questionnaire respondents reportedly listed jobs with the Service, but only 55 percent of the employers stated they had been contacted by Service staff in the past year. Most respondents also said they had not changed their use of the Service in the past 3 years. According to the employers, the most important services employer relations personnel could provide were (1) to learn about employer personnel needs, (2) expedite referral service, and (3) solicit job orders.

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Before concluding, I would like to provide a brief description of the changing role of the Service since its inception, a summary of the information we have provided and our suggestions for improving the performance of the Service.

Since its establishment in 1933, the Service's focus and the labor market in which it participates have changed. Unlike 1933, the Service now competes with a multitude of other placement activities. From that competition, it emerges as an agency serving a relatively small and specialized segment of the labor market--jobs and persons characterized by low pay.

Originally conceived as a labor-exchange for persons seeking work and employers with job openings to fill, the Service took on a broader range of manpower activities as part of the World War II effort. In the face of acute manpower shortages, it assisted in recruitment and manpower utilization activities.

Another big change in focus occurred in the late 1960's and early 1970's. In line with the legislative emphasis on the disadvantaged, the Service provided intensified and individualized service to people who experienced the most difficulty in getting and holding jobs. This emphasis diverted attention from the job-ready and resulted in a sharp decline in job orders and placements. The number of nonagricultural placements dropped from 6.6 million in 1966 to 3.3 million in 1971.

After 1971 emphasis turned to increased placement of all people, the job-ready and the disadvantaged. Increased productivity (more placements) as well as placement of individuals in certain target groups was emphasized. The Department plans to expand the Service's penetration in the labor market from the fiscal year 1975 level of 6.3 million nonagricultural job openings to 8.5 million listings by fiscal year 1979.

In August 1974 the Bureau of Labor Statistics (BLS) reported on its study of how people found employment. The statistical study pertained to 10 million persons who sought and found work during 1972. BLS reported that although a third of the job seekers used the Service, 95 percent of the job placements occurred through other means. The major sources were: applications directly to employers (35 percent), friends and relatives (26 percent), and newspaper ads (14 percent). Private employment agencies and the Service each accounted for about 5 percent of the placements.

The BLS study also showed the occupations and education levels of the people placed by the various employment sources. The Service accounted for only 1.8 percent of the professional and managerial job placements. It was more successful with clerical workers (6.7 percent), service workers (5.7 percent), and nonfarm laborers (5.9 percent). Similarly, the Service accounted for 9.6 percent of the persons placed who completed 8 or less years of school, but only 2.4 percent of the placements of college graduates.

The BLS findings are consistent with our analysis of Service performance reports. Our analysis showed that the Service is primarily a placement service for low-paying jobs. Almost 55 percent of the placements during fiscal year 1975 were in jobs paying less than $2.50 an hour; and one-third paid $2.00 or less an hour. During the year, the Service spent an estimated $491 million to place 3.1 million persons--an average cost of $158 for each individual placed.

The Department plans to achieve more and better job placements by spending substantial sums to establish computerized job matching nationwide and improving employer relations. Because the Service does not create new jobs, it increases its performance by obtaining a greater portion of the placement transactions that occur in the labor market. The Department has not related the Service's expansion to an identified level of employer and applicant needs. Moreover, while the Department plans to expand the computerized job matching system, it has not been conclusively demonstrated that this system will significantly improve the Service's ability to make more timely or accurate job matches.

Since there are many competing sources for filling jobs, the Service in order to improve its performance must match applicants with available jobs quickly. The Department plans to implement computerized job matching on a nationwide basis, however, this process is subject to many of the same problems associated with manual file search. We suggest that before incurring the cost of implementing the computerized job matching system nationwide, the Department reevaluate the benefits that could be achieved by the system.

We believe that the less costly Information Service enables the Service to provide its applicants the opportunity to consider a wider range of available jobs, facilitates a more timely match of applicants with job openings, and should enhance their chances in being placed in a job. Therefore, we suggest that the Department identify those offices which could improve their performance by implementing the Information Service and encourage them to establish such systems.

Since the Service has many more applicants than available jobs, its employer services program is particularly important if it is going to obtain more job openings. The Department has established criteria for personal visits and telephone contacts that employer services staff should make to employers and has established a broad goal to obtain a larger share of job openings. However, the program lacks direction in terms of the kinds of job openings that should be sought. As stated previously, the Service has, over the past years, acquired the image of a labor exchange function for low paying, short duration jobs. This has not only hampered the Service's ability to improve its performance, but has reduced its effectiveness in enforcement of the work-test rule for unemployment insurance recipients.

We suggest that the Department establish goals that would encourage the Service to upgrade the types of jobs that it can offer its applicants and to seek a wider range of jobs to better meet the needs of a larger number of its applicants.

We suggest that the Department examine the application of the work-test rule to determine why it has been largely ineffective.

The accuracy of data produced by the Employment Security Automated Reporting System is important to the management of the Service at the local, State, and Federal levels. Without accurate performance data, success in placing applicants and filling jobs cannot be reliably measured or evaluated and resources applied equitably. Therefore, we suggest that the Department take the action necessary to insure that the Service verify the validity of reported placements and that adequate follow-up is made to verify the accuracy of the reported duration of the placements.

Mr. Chairman, this concludes our prepared statement. We will be pleased to respond to any questions that you or other members of the Subcommittee may have.